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# SAN FRANCISCO AIRPORT COMMISSION



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## MINUTES

January 8, 2002

Special Meeting

9:00 A.M.

✈ ROOM 416 - CITY HALL  
400 VAN NESS AVENUE  
CITY AND COUNTY OF SAN FRANCISCO

WILLIE L. BROWN, JR., MAYOR

## COMMISSIONERS

HENRY E. BERMAN

President

LARRY MAZZOLA

Vice President

MICHAEL S. STRUNSKY

LINDA S. CRAYTON

CARYL ITO

JOHN L. MARTIN

Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT  
SAN FRANCISCO, CALIFORNIA 94128

# THE HISTORY OF THE CITY OF BOSTON

By  
JOHN B. HENNING  
Author of  
"The History of the City of Boston"  
1851



THE HISTORY OF THE  
CITY OF BOSTON  
FROM 1630 TO 1850  
BY JOHN B. HENNING  
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THE HISTORY OF THE  
CITY OF BOSTON  
FROM 1630 TO 1850

Minutes of the Airport Commission Special Meeting of  
January 8, 2002

| CALENDAR AGENDA |      | RESOLUTION                                                                                 |             |
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| A.              |      | CALL TO ORDER:                                                                             | 3           |
| B.              |      | ROLL CALL:                                                                                 | 3           |
| C.              |      | ADOPTION OF MINUTES:                                                                       |             |
|                 |      | Regular meeting of December 18, 2001                                                       | 02-0001 3   |
| D.              |      | SPECIAL ITEM:                                                                              |             |
|                 | 1.   | Retirement Resolution - Jerry Salas                                                        | 02-0002 3   |
|                 | 2.   | Retirement Resolution - Dan Ng                                                             | 02-0003 3-4 |
|                 | 3.   | Retirement Resolution - Thomas Clark                                                       | 02-0004 4   |
|                 | 4.   | Commendation - Donald J. Thompson                                                          | 02-0005 4   |
|                 | 5.   | Support "Airport Security Personnel Protection Act" Introduced by Senator Dianne Feinstein | 02-0006 5-6 |
| E.              |      | ITEMS INITIATED BY COMMISSIONERS:                                                          | 6           |
| F.              |      | ITEMS RELATING TO MASTER PLAN PROJECTS:                                                    |             |
|                 | 6.   | Modification No. 11 to Contract 5521A - Boarding Area G Apron Construction - Pavex         | 02-0007 6-7 |
| G.              |      | ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:                                |             |
|                 | 7.   | Rescind Hotel RFP/Q and Authorize Pre-Proposal Conference for New Hotel RFP/Q              | 02-0008 7-9 |
| H.              |      | CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:                                        |             |
|                 | 8.   | BCDC Master Plan Access Mitigation Program Amendment for Permit 2-96                       | 02-0009 10  |
|                 | 9.   | Amendments to Master Bond Resolution and Master Subordinate Bond Resolution                | 02-0010 10  |
|                 | 10.  | Concurrence with San Francisco Arts Commission Proposal to Purchase Artwork                | 02-0011 10  |





|    |                      |                         |    |
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| I. | NEW BUSINESS:        | SPECIAL MEETING MINUTES | 10 |
| J. | CORRESPONDENCE:      |                         | 11 |
| K. | CLOSED SESSION:      |                         |    |
|    | Potential Litigation |                         | 11 |
| L. | ADJOURNMENT:         |                         | 11 |

## ROLL CALL

Present: Hon. Henry E. Berman, President  
Hon. Larry Mazzeo, Vice President  
Hon. Michael J. Sturony  
Hon. Caryl Ho

Absent: Mrs. Linda S. Craytor

## ADOPTION OF MINUTES:

The minutes of the regular meeting of December 16, 2001 were accepted unanimously.

No. 02-0081:

## SPECIAL ITEM:

Item No. 1 was moved by Commissioner Ho and seconded by Commissioner Berman. The vote to approve was unanimous.

### 1. Retirement Resolution - Jerry Salas

No. 02-0002

Resolution expressing condolences for the sudden measure of death, happiness, and fruitful retirement to Mr. Jerry Salas.

Mr. John Costas, Acting Director expressed that Mr. Salas had worked in the Airport sign shop for 25 years and he is responsible for many of the signs directing vehicles through the Airport.

Item No. 2 was moved by Commissioner Mazzeo and seconded by Commissioner Ho. The vote to approve was unanimous.

### 2. Retirement Resolution - Don Ho





# AIRPORT COMMISSION SPECIAL MEETING MINUTES

January 8, 2002

## A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 416, City Hall, San Francisco, CA.

\* \* \*

## B. ROLL CALL:

|          |                                    |
|----------|------------------------------------|
| Present: | Hon. Henry E. Berman, President    |
|          | Hon. Larry Mazzola, Vice President |
|          | Hon. Michael S. Strunsky           |
|          | Hon. Caryl Ito                     |

|         |                       |
|---------|-----------------------|
| Absent: | Hon. Linda S. Crayton |
|---------|-----------------------|

\* \* \*

## C. ADOPTION OF MINUTES:

The minutes of the regular meeting of December 18, 2001 were adopted unanimously.

No. 02-0001

\* \* \*

## D. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Ito and seconded by Commissioner Berman. The vote to approve was unanimous.

### 1. Retirement Resolution - Jerry Salas

|             |                                                                                                                             |
|-------------|-----------------------------------------------------------------------------------------------------------------------------|
| No. 02-0002 | Resolution expressing best wishes for the fullest measure of health, happiness, and fruitful retirement to Mr. Jerry Salas. |
|-------------|-----------------------------------------------------------------------------------------------------------------------------|

Mr. John Costas, Acting Director explained that Mr. Salas has worked in the Airport sign shop for 33 years and he is responsible for many of the signs directing visitors through the Airport.

Item No. 2 was moved by Commissioner Mazzola and seconded by Commissioner Ito. The vote to approve was unanimous.

### 2. Retirement Resolution - Dan Ng



No. 02-0003

Resolution suggesting that the Airport Commission express its sincere appreciation and deep gratitude to Dan Ng for a job well done, offer best wishes for the fullest measure of health and happiness for a long and fruitful retirement.

Mr. Costas explained that Mr. Ng was a Project Manager with the Bureau of Planning and Construction. Known as Mr. Garage, he was Project Manager for the Rental Car Center, the Lot DD garage, and the South International Terminal. Mr. Ng has worked for the Airport for 27 years. He was a dedicated employee and a good Project Manager.

Item No. 3 was moved by Commissioner Mazzola and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Retirement Resolution - Thomas Clark

No. 02-0004

Resolution expressing best wishes for the fullest measure of health, happiness, and fruitful retirement to Mr. Thomas Clark.

Mr. Costas said that Mr. Clark has been a plumber at the Airport for 10 years and probably knows every valve on the property. He has been a very dedicated employee

Mr. Clark said that he was born in San Francisco and was grateful that he was able to conclude his working career at the Airport and for the City.

Commissioner Mazzola noted that Mr. Clark is the only retiree who appeared today. This proves that plumbers do show up when they are called.

Item No. 4 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

4. Commendation - Donald J. Thompson

No. 02-0005

Resolution expressing best wishes and deep gratitude to Mr. Donald J. Thompson for a job well done and offering best wishes for the fullest measure of health, happiness for a long and fruitful retirement.

Mr. Costas said that occasionally the Airport recognizes people who have worked in agencies in support of the Airport. In his role as FAA Certification and Safety Inspector, Don Thompson has been instrumental in keeping our airfield in shape, inspected and open. Staff wanted to acknowledge his great efforts and support of the Airport.





Item No. 5 was moved by Commissioner Mazzola and seconded by Commissioner Strunsky. The vote to approve was unanimous.

5. Support for the "Airport Security Personnel Protection Act" Introduced by Senator Dianne Feinstein

No. 02-0006

Resolution expressing concern for the future employment of passenger screening personnel at SFO, many of whom are not U.S. citizens, and supporting the "Airport Security Personnel Protection Act", introduced by Senator Dianne Feinstein, which would allow for the continued employment of those screeners who are in the process of becoming United States citizens.

Mr. Peter Nardoza, Deputy Director, Public Affairs said that last November the President signed into law the Aviation and Transportation Security Act. That bill was the direct result of the attacks of 9/11. The bill, as signed into law, has numerous requirements for the security of the aviation system in this country. One of those requirements is that passenger screeners who work at airports be United States citizens. These screeners will become Federal employees by the end of this calendar year.

There is strong concern over the impact of this citizenship requirement. An informal poll of our present security providers indicates that the majority of our screeners are not U.S. citizens. They are well trained, well compensated and very professional and dedicated employees.

This will pose a problem not only to SFO but to most major airports in this country. Recognizing that, Senator Feinstein has introduced a bill that would allow the new Security Chief of the Department of Transportation to hire current screeners who are in the process of becoming U.S. citizens. The bill has been introduced but has not yet been heard by Committee. Congress will return for this session on January 23.

This resolution in support of Senator Feinstein's bill is brought to the Commission at the recommendation of Commissioner Ito. Commissioner Berman will send a letter on behalf of the Commission indicating its support and willingness to do all that it can to help her in achieving its success.

Commissioner Strunsky said that he supports this bill and letter. It is interesting to note that in spite of the fact that Commission meeting agendas are published in advance of the meeting that there are no requests to speak in opposition of this issue.

As one of the top ten airports in the country, he hoped that legislators would take the Commission's evaluation of Senator Feinstein's bill seriously.

He would have liked more background on why the Congress, the Senate and



the President crafted the original bill in the way they did. He personally believes that it was a mistake. The fact that no one is present to argue for it is further evidence of that belief.

Commissioner Ito noted that she had inquired as to how the citizenship requirement came to be included and was told that all Federal employees must be citizens and these screeners will become Federal. The bill was not crafted to exclude people, but rather is a Federal employee requirement.

Commissioner Ito thanked Mr. Nardoza for his work. Staff and the Commission have been very supportive in trying to reduce some of the bills obstacles.

San Francisco Airport has led the country with its Quality Standards resolution and demonstrating that if employees at the low end of the pay scale are treated better they will perform better.

Mr. Nardoza added that the Director will be traveling to Washington, D.C. some time in February to meet with Senator Feinstein and a number of members of the Bay Area's Congressional delegation and this resolution will be brought to their attention at that time.

Commissioner Strunsky said that it would be interesting to know how many of our soldiers fighting in Afghanistan are carrying Green Cards.

\* \* \*

#### E. ITEM INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

\* \* \*

#### F. ITEMS RELATING TO MASTER PLAN PROJECTS:

Item No. 6 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

6. Modification No. 11 to Contract 5521A - Boarding Area G Apron Construction - Pavex Construction, a Division of Granite Rock Co. - \$2,610,580

No. 02-0007

Resolution approving of Closeout Modification No. 11 to Contract 5521A, Boarding Area G Apron Construction with Pavex Construction, A Division of Granite Rock Co., in the amount of \$2,610,580 for work related to operational and safety enhancements to the International Terminal Complex. The funding sources are the Project Budget, other Master Plan



Projects and Capital Improvement Program  
budget.

Mr. Mike Allen, Deputy Director, Bureau of Design and Construction explained that this modification is the final close out modification for Contract No. 5521A, Boarding Area G Apron Construction. The scope includes additional task-order work to extend the fire watch in the International Terminal, provide security at airfield gates, enhancements for security and communications in the new Airport Administration offices, and operational and safety improvements in the new International Terminal Complex.

Funding sources include Capital Improvement Program, project budget and contingency and transfers from other Master Plan Projects.

The costs for this modification have been included in the cost forecasts presented to the Commission.

The original MBE/WBE subcontracting goals for this contract were 10% MBE and 6% WBE. This modification includes 4.4% MBE participation. The overall MBE/WBE participation levels through this final modification will be 7.7% MBE and 4.3% WBE. The lower MBE/WBE participation levels for the contract are the result of work performed under Modifications 3 through 7. In many of these modifications the contractor used non-MBE/WBE subcontractors who had been performing work on the International Terminal construction in order to maintain warranties for additional work that affected existing systems.

Commissioner Strunsky said that it is now 13 months since the new International Terminal officially opened. When can we expect the final item before the Commission to wrap up the Master Plan?

Mr. Allen responded probably next August. Excluding AirTrain, which is the final Master Plan project, possibly March or April.

Commissioner Strunsky said that we really need to focus on getting the Master Plan behind us. The longer we have it up the more the outside world wonders why we can't bring it to a close and what we might be disguising in costs. This is one more step in the right direction.

\* \* \*

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 7 was moved by Commissioner Mazzola and seconded by Commissioner Ito. The vote to approve was unanimous.

7. Rescind Hotel RFQ/P and Authorization to Conduct a Pre-Proposal Conference for a New Hotel RFQ/P Based on a Land Lease

No. 02-0008

Resolution providing authorization to 1)





Rescind the Hotel RFQ/P for the Design, Construction and Operation of a Hotel; 2) Return the RFQ/P Bonds that were submitted by Proposers, and 3) Conduct a Pre-Proposal Conference for a New RFQ/P based on a Development Agreement and a Land Lease Structure.

Mr. Bob Rhoades, Deputy Director, Business and Finance explained that in 2000 the Commission authorized staff to issue an RFQ/P for the design, construction and operation of a new hotel on the Airport that would be undertaken by a qualified hotelier but financed by the Airport through the issuance of Airport revenue bonds.

In 2001 the Airport received two qualified proposals ... one from Hilton, and one from Hyatt.

Given the economic downturn that hit us quite hard in January 2001 and going through July, and then topped by the tragic events of September 11, staff is now requesting that this RFP/Q be rescinded.

Due to the economic circumstances, the Airport and the aviation industry in general, have some severe financial challenges. We do not think it is appropriate for the Airport to finance a hotel at this time. However, we do believe that a hotel is very valuable and important to the Airport. We believe that it will be a desirable project.

Staff requests rescinding the previous agreement and authorizing staff to go forward with a pre-proposal conference for a hotel program that would be financed by the hotelier under the guidance of the Airport's development agreement. This would be a land lease.

Commissioner Berman asked how many hotels have shown interest in this project.

Mr. Rhoades responded the Hyatt, Hilton, Wyndham, Starwood and several others who did not participate in the final round of the RFQ/P because of concerns with some of the business terms. That did not lessen their interest in the site.

Commissioner Strunsky asked if we have talked with our bond and financial people regarding potential profit. He wants to make sure we are making the right decision; not one made through fear. If we build the hotel under the original plan, we would secure a hotel operator who would pay a fee that would result in a return which would have been in excess of the funds we would have borrowed at our low rates to accommodate this.

Mr. Rhoades responded that we still intend to receive a concession fee which will be a bid item. We will also charge a land rent for the program. We will still receive a return for the use of our property, but we won't put up



the investment capital. It is very important to understand that even with an optimistic forecast over the next five years with respect to passenger traffic and aircraft activity we do not see a rebounding recovery in the Bay Area.

We fully intend to receive a fair rate of return on the use of our property. We just completed a major Master Plan and we need to reserve our debt capacity for compelling reasons such as security measures that we have to undertake.

Commissioner Strunsky responded that to some extent because of the nature of the business and the location a borrowing at our interest rate and a fee to a Hilton-type hotel operator could actually increase our borrowing capacity. He wants to make sure that has been looked at and discussed with hotel consultants.

We have the premiere site for a hotel. Its success would be sure fire, even in down times, because guests from other surrounding hotels will return to the Airport hotel. He hoped the hotel will be up and running as quickly as possible.

Mr. Rhoades responded that restarting the process takes some time. That is why a 2006 opening is being targeted.

We have had numerous consultations with hotel consultants and many meetings and presentations by financial advisors regarding creative ways to finance a hotel from an airport perspective. The bottom line, no matter how creative we got, the Airport will still be responsible for the property and for the debt associated with the it. At this particular time, after consultation with the rating agencies and our bond counsel, we do not feel that is the right approach. Nor do we know if this will be the right approach five or six years from now. The point is to move forward to get a hotel built.

Commissioner Strunsky felt that there was no question that we will receive plenty of response. He bowed to the opinion of consultants who know the industry better than he does. As long as our consultants are satisfied that this is the right approach, he will agree with it.

Mr. Rhoades added that we will receive a substantial rate of return which will increase our borrowing capacity without having to incur additional debt.

Commissioner Berman asked if we are using any hotel consultants.

Mr. Rhoades responded that we have consulted with Rick Swig, who is very knowledgeable about the hotel industry, particularly in this part of the world.

\* \* \*

#### H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 8 through 10, were moved by Commissioner





Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

8. BCDC Master Public Access Mitigation Program Amendment for Permit 2-96

No. 02-0009

Resolution authorizing to approve BCDC Permit No. 2-96, as amended, and to take the necessary actions to implement the final requirements of the Permit.

9. Amendments to Commission's Master Bond Resolution and Master Subordinate Bond Resolution

No. 02-0010

Resolution approving amendments to Commission's Master Bond Resolution and Master Subordinate Bond Resolution.

10. Concurrence with San Francisco Arts Commission Proposal to Purchase Artwork - \$175,000

No. 02-0011

Resolution concurring with the Arts Commission proposal to purchase a bronze sculpture for Boarding Area C. Proposed artwork is a part of the Airport's Art Enrichment Program. Purchase price is \$175,000.

Commissioner Strunsky asked if Stan Mattison and Bill Coblentz are part of the Airport/Art Joint Committee

Ms. Susan Pontious, Arts Commission, responded that the artwork has been reviewed by the Airport/Art Steering Committee ... Stan Mattison, Bill Coblentz and Jason Yuen represent the Airport.

\* \* \*

I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

\* \* \*

J. CORRESPONDENCE:



There was no discussion by the Commission.

\* \* \*

K. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:30 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

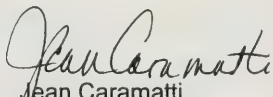
Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:45 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

\* \* \*

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:46 A.M.

  
Jean Caramatti  
Commission Secretary



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# SAN FRANCISCO AIRPORT COMMISSION



## MINUTES

January 22, 2002  
Special Meeting  
9:00 A.M.

✈ ROOM 400 - CITY HALL  
400 VAN NESS AVENUE  
CITY AND COUNTY OF SAN FRANCISCO

**WILLIE L. BROWN, JR., MAYOR**

## COMMISSIONERS

**HENRY E. BERMAN**  
President

**LARRY MAZZOLA**  
Vice President

**MICHAEL S. STRUNSKY**

**LINDA S. CRAYTON**

**CARYL ITO**

**JOHN L. MARTIN**  
Airport Director

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Minutes of the Airport Commission Special Meeting of  
January 22, 2002

| CALENDAR<br>SECTION | AGENDA<br>ITEM | TITLE                                                                                                                                                                                                               | RESOLUTION<br>NUMBER | PAGE |
|---------------------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------|
| A.                  |                | CALL TO ORDER:                                                                                                                                                                                                      |                      | 4    |
| B.                  |                | ROLL CALL:                                                                                                                                                                                                          |                      | 4    |
| C.                  |                | ADOPTION OF MINUTES:                                                                                                                                                                                                |                      |      |
|                     |                | Special meeting of January 8, 2002                                                                                                                                                                                  | 02-0012A             | 4    |
| D.                  |                | SPECIAL ITEMS:                                                                                                                                                                                                      |                      |      |
|                     | 1.             | Naming of Conference Center on Fifth Floor<br>Airport Commission Administrative Offices after<br>Former Airport Commission Vice President<br>Zuretti L. Goosby                                                      | 02-0013              | 4-5  |
|                     | 2.             | Retirement Resolution - Ann Hanley                                                                                                                                                                                  | 02-0014              | 5    |
| E.                  |                | ITEMS INITIATED BY COMMISSIONERS:                                                                                                                                                                                   |                      |      |
|                     |                | Enron                                                                                                                                                                                                               |                      | 5    |
|                     |                | West Field Cargo Area                                                                                                                                                                                               |                      | 5    |
| F.                  |                | ITEMS RELATING TO ADMINISTRATION,<br>OPERATIONS & MAINTENANCE:                                                                                                                                                      |                      |      |
|                     | 3.             | Authorization to Purchase Explosive Detection<br>Baggage Inspection Machines for International<br>Terminal - Contract No. 8136A                                                                                     | 02-0015              | 6-8  |
|                     | 4.             | Modification No. 10 to Professional Services<br>Contract 5010CM - Continuing Construction<br>Management Services - Luster/GKO                                                                                       | 02-0016              | 8    |
|                     | 5.             | Rescind Award of North Terminal Candy Store<br>Lease and Authorization to Re-bid the Lease                                                                                                                          |                      | 8-9  |
| G.                  |                | CONSENT CALENDAR OF ROUTINE<br>ADMINISTRATIVE MATTERS:                                                                                                                                                              |                      |      |
|                     | 6.             | Award Contract 4486RI - On-Call Environmental<br>Remediation, Phase IV - Removal/Disposal of<br>Contaminated Soil, Sludge, Water and Other<br>Environmental Work - Engineering/Remediation<br>Resources Group, Inc. | 02-0017              | 9    |



|     |                                                                                                                                                                             |         |       |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-------|
| 7.  | Modification No. 1 to Legal Services Agreement<br>with Morrison & Foerster - Master Plan/Phase B<br>Contract and Airline Lease and Use Contract                             |         | 9     |
| 8.  | Modification No. 1 to Legal Services Agreement<br>with Morrison & Foerster - Noise Issues/<br>Environmental Law Contract                                                    | 02-0018 | 9     |
| 9.  | Modification No. 1 to Legal Services Agreement<br>with Leonard, Carder, Nathan, Zuckerman, Ross<br>Chin & Remar, LLP                                                        | 02-0019 | 9-10  |
| 10. | Memorandum of Agreement between CCSF and<br>the California State Lands Commission for<br>Professional Services                                                              | 02-0020 | 10    |
| 11. | Authorization to Sign a Reimbursable Agreement<br>between FAA and Airport Commission to Assist<br>in Development of NAVAIDS Technical Data for<br>the EIR and EIS Documents | 02-0021 | 10    |
| 12. | Authorization to Conduct Pre-Proposal Conference<br>for Two Automated Teller Machine Leases                                                                                 | 02-0022 | 10    |
| 13. | Rental Car Center Concession Lease - Minimum<br>Qualifications/Proposal Requirements, Specifications,<br>and Authorization to Accept Proposals                              | 02-0023 | 11    |
| 14. | Authorization to Accept and Expend FAA Funding<br>For K-9 Explosives Detection Team Program                                                                                 | 02-0024 | 11    |
| 15. | Rate Adjustment for Long Term Public Parking<br>and Implementation of Discounted Airport Parking<br>Program for Airport and CCSF Employees                                  | 02-0025 | 11    |
| H.  | NEW BUSINESS:                                                                                                                                                               |         | 11    |
| I.  | CORRESPONDENCE:                                                                                                                                                             |         | 11-12 |
| J.  | CLOSED SESSION:                                                                                                                                                             |         | 12    |

Pending Litigation:

Tutor-Saliba/Perini/Buckley, JV re International  
Terminal South Shoulder Bldg.

Tutor-Saliba/Perini/Buckley, JV re International  
Terminal North Shoulder Bldg.

Settlement of Complaint in Intervention filed by  
Hallmark Aviation Services in the Matter of



Aeroground

Aeroground vs CCSF

CCSF v CalStar Retail, Inc.

Potential Litigation:

K.

ADJOURNMENT:

12





# AIRPORT COMMISSION SPECIAL MEETING MINUTES

January 22, 2002

## A. CALL TO ORDER:

The special meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

\* \* \*

## B. ROLL CALL:

Present:

Hon. Henry E. Berman, President  
Hon. Larry Mazzola, Vice President  
Hon. Michael S. Strunsky  
Hon. Caryl Ito

Hon. Linda S. Crayton arrived at 9:10 A.M.

\* \* \*

## C. ADOPTION OF MINUTES:

The minutes of the special meeting of January 22, 2002 were adopted unanimously.

No. 02-0012A

\* \* \*

## D. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Ito and seconded by Commissioner Mazzola. The vote to approve was unanimous.

1. Authorization to Name The Conference Center on the Fifth Floor Airport Commission Administrative Offices after Former Airport Commission Vice President Zuretti L. Goosby

No. 02-0013

Resolution approving naming Conference Center on the Fifth Floor Airport Commission Administrative Offices after Former Airport Commission Vice President Zuretti L. Goosby.

Mr. John Martin, Airport Director, explained that Dr. Goosby was with the Airport Commission from 1978 to 1991, serving as Vice President from 1998 to 1991. Dr. Goosby has a long history of public service, beginning with the School Board in the early 1960s, followed by the Airport Commission, and ending as President of the War Memorial Board in the 1990s.



Dr. Goosby did a tremendous job on the Airport Commission, making sure that the Airport provided employment, contracting and concession opportunities for everyone. He felt strongly that the Airport should reflect San Francisco's diversity. He was a champion in bringing people together in difficult situations. Particularly because of his ability to get things done, we felt that naming the Conference Center on the Administrative Floor in the International Terminal as a fitting memorial.

Commission Ito thought this was a great idea.

Item No. 2 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

2. Retirement Resolution - Ann Hanley

No. 02-0014

Resolution expressing the Airport Commission's appreciation to Ann Hanley for her 20 years of dedicated service.

Mr. Martin explained that Mrs. Hanley has been at the Airport for 20 years, serving almost all of that time as the receptionist on the Administrative Floor. She has done a tremendous job representing the Airport's interest. Mrs. Hanley was always professional under difficult circumstances. She is familiar with all aspects of the Airport and consistently utilized her knowledge to assist members of the public as well as Airport tenants and concessionaires.

Mrs. Hanley thanked the Commission.

\* \* \*

E. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Strunsky noted the Enron bankruptcy and the implementation of that failure through the questionable activities of their accounting firm, Arthur Andersen, and said that we should be extremely cautious when we evaluate both our own annual report as well as the annual reports of firms who do business with us. That we take special care not to simply accept the opinion letter of the accounting firm.

Commissioner Strunsky said that we need to look at how the West Field Cargo area needs to be developed. He asked for an evaluation of how that might be improved to increase our cargo capability.

A follow up report will be provided to the Commission.

\* \* \*

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 3 was moved by Commissioner Mazzola and seconded by Commissioner



Strunsky. The vote to approve was unanimous.

3. Authorization to Purchase Explosive Detection Baggage Inspection Machines for New International Terminal - Contract No. 8136A - \$19,300,000

No. 02-0015                      Resolution approving purchase of eleven (11) explosive detection baggage inspection machines for the New International Terminal contingent upon the Federal Government reimbursing the Airport. The machines will be procured through a City Purchase Order Agreement. Estimated cost is \$19,300,000.

The proposed funding sources are the Security Equipment Integrated Product Team Program (SEIPT) and the Airport Improvement Program (AIP)

Mr. John Costas, Chief of Staff, explained that the recently enacted Transportation Security Act requires that all bags be screened by explosive detection systems (EDS) by the end of this year.

Since SFO built the International Terminal, a common use terminal, and installed the baggage system, we are responsible for the baggage system.

We currently have eight EDS machines in the International Terminal baggage system, but require 11 more machines.

The FAA and the Department of Transportation have the funds to help with the purchase. We are awaiting confirmation from the FAA to allow us to purchase the machines directly from InVision. We will then be reimbursed by the FAA. The FAA has not yet executed the agreement but we expect they will do so shortly.

The FAA has also offered another option ... they will purchase the machines directly and then deliver them to SFO. We would consider that only if we are guaranteed expeditious delivery.

This item authorizes staff to purchase the equipment subject to the FAA executing the reimbursement agreement.

Commissioner Mazzola asked about the domestic terminals.

Mr. Costas responded that staff has evaluated the number of machines needed on the domestic side and determined that approximately 28-30 machines will need.

The difference between the International and domestic sides is that the airlines have exclusive leases and they installed the baggage systems there. They will have to purchase those machines. We will help facilitate that. Ultimately, all of





the machines that are purchased will be owned by the FAA/DOT.

Commissioner Mazzola asked if they were under any deadlines.

Mr. Costas responded that the domestic side is under the same deadline ... all baggage must be screened by explosive detection systems by the end of 2002.

Commissioner Mazzola asked how many companies make these machines.

Mr. Costas responded that only two companies are certified to make them ... InVision and L3 Communications. We have InVision. Three other companies are seeking FAA certification.

Commissioner Ito asked, because of the supply/demand issue, if SFO will receive all of the machines at the same time, or will InVision prioritize shipments?

Mr. Costas responded that if we were to purchase machines directly we would have one of the first orders in and we could expect shipment within six to 12 months. The FAA also has priority ranking with InVision Technologies. We will have first priority if we purchase them; if the FAA purchases them we will probably still have first priority.

We are looking for reimbursement for the installation under the AIP program. Installation costs are almost equivalent to the cost of the machines.

Commissioner Strunsky asked if all bags go through InVision machines.

Mr. Costas responded that all bags in the International Terminal are x-rayed. Then a series of bags ... that either don't pass the x-ray or are questionable as to their contents, go through the CTX machines (InVision). Also, passengers are selected to have their bags go through the CTX machine, even if they passed the x-ray screening.

Commissioner Strunsky asked if we are going to install these machines only to find that 18 months later they are obsolete.

Mr. Costas responded that he felt that the commitment by the government to InVision up to this point would be maintained. InVision has already upgraded their machines. We have the InVision 5000, an earlier model, and InVision 9000. The technology for detecting explosives has not changed much, but the 9000 is faster and a little more reliable.

Commissioner Mazzola said that he would like a letter to go to the airlines urging them to order their machines in a timely manner.

Mr. Martin responded that this is in the hands of the FAA.

Commissioner Strunsky assumed that we are matching every bag with every passenger and we are, therefore, living up to the letter of the law.



Mr. Costas responded that the airlines are living up to the letter of the law by doing positive bag match, which is the FAA alternative to full baggage screening. This alternative only holds until the end of the year when the law requires that all bags be EDS screened.

Item No. 4 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

4. Modification No.10 to Professional Services Contract No. 5010CM Continuing Construction Management Services - Luster/GKO - \$2,000,000

|             |                                                                                                                                                                                                                                                                                           |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 02-0016 | Resolution authorizing Modification No.10 to the Professional Services Contract 5010CM, with Luster/GKO, a J.V., in the amount of \$2,000,000 for continuing construction management services. Funding for this modification will come from the 5010CM budget in the Master Plan Program. |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Mr. Mike Allen, Deputy Director, Bureau of Design and Construction, explained that this modification will provide continuing administrative construction management services needed to assist with closeout of the remaining Master Plan contracts, reconciliation of final contract payments with the Airport's Budget and Finance Department, and staff assistance for other Airport departments.

Funding for this modification is included in the contract 5010CM Master Plan budget and has been included in the Master Plan bi-monthly reports and Master Plan forecast presented to the Commission. This modification will be the final modification prior to closeout.

The MBE/WBE subcontractor participation goals for this contract are 17% MBE and 3% WBE. Participation levels for this modification will be 25% MBE and 0% WBE. Cumulative participation levels through this modification, including Master Plan and non-Master Plan services, will be 14% MBE and 2% WBE. MBE participation at the prime level is about 53%.

Commissioner Strunsky asked if, other than the Light Rail System, we will be 100% finished with the Master Plan.

Mr. Allen responded that we will.

Item No. 5 was removed from the calendar.

5. Rescind Award of the North Terminal Candy Store Lease and Authorization to Re-bid the Lease

Resolutions rescinding the award of the North Terminal Candy Store Lease and authorization to re-bid the lease with revised lease specifications



and minimum qualifications requirements.

\* \* \*

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

Item No. 7 was removed from the calendar. The Consent Calendar, Item Nos. 6, and 8 through 15, were moved by Commissioner Mazzola and seconded by Commissioner Strunsky. The vote to approve was unanimous.

6. Award Contract 4486RI - On-Call Environmental Remediation, Phase IV - Removal and Disposal of Contaminated Soil, Sludge, Water and Other Environmental Work Engineering/Remediation Resources Group, Inc. - \$159,474.61

No. 02-0017

Resolution awarding Contract 4486RI, On-Call Environmental Remediation, Phase IV - Removal and Disposal of Contaminated Soil, Sludge, Water and Other Environmental Work to the lowest responsive, responsible bidder, Engineering/Remediation Group, Inc. (ERRG) in the amount of \$159,474.61.

Item No. 7 was removed from the calendar.

7. Modification No. 1 to Legal Services Agreement with Morrison & Foerster Master Plan/Phase B Contract and Airline Lease and Use Contract - \$250,000

Resolution approving contract Modification No.1 to legal services agreement with Morrison & Foerster LLP to increase compensation by the amount of \$250,000 (re Master Plan/Phase B and Airline Lease and Use contract)

8. Modification No. 1 to Legal Services Agreement with Morrison & Foerster Noise Issues/Environmental Law Contract - \$30,000

No. 02-0018

Resolution approving contract Modification No.1 to legal services agreement with Morrison & Foerster LLP to increase compensation by the amount of \$30,000 (re Noise Issue/ Environmental Law contract).

9. Modification No. 1 to Legal Services Agreement with Leonard, Carder, Nathan, Zuckerman, Ross, Chin & Remar LLP - \$110,000

No. 02-0019

Resolution approving contract Modification No.1 to



Legal Services Agreement with Leonard, Carder, Nathan, Zuckerman, Ross, Chin & Remar LLP to increase compensation by the amount of \$110,000; all other terms and conditions of contract to remain the same.

10. Memorandum of Agreement between the City and County of San Francisco and the California State Lands Commission for Professional Services - Not to exceed \$50,000

No. 02-0020

Resolution authorizing the Director to enter into a Memorandum of Agreement between the City and County of San Francisco and the California State Lands Commission for professional services not to exceed \$50,000.

Commissioner Ito asked for the definition of "sovereign lands".

Ms. Mara Rosales, Airport General Counsel responded that it is state owned land.

11. Authorization to Sign a Reimbursable Agreement between the FAA and the San Francisco Airport Commission for Assistance in Development of NAVAIDS Technical Data for the EIR and EIS Documents - \$45,000

No. 02-0021

Resolution authorizing a Reimbursable Agreement with the FAA for its assistance in the development of Navigation AID Systems (NAVAIDS) related technical information required for the Runway Reconfiguration Program EIR and EIS documents. Estimated cost not to exceed \$45,000

12. Authorization to Conduct a Pre-Proposal Conference for Two Automated Teller Machine Leases

No. 02-0022

Resolution authorizing staff to conduct a pre-proposal conference for the two Automated Teller Machine Leases.

Commissioner Strunsky suggested that the specifications include that one ATM on both Boarding Areas A and G dispense Euro Dollars. It would be a great convenience to the traveling public to be able to purchase Euros without standing in line at the Currency Exchange windows.

Mr. Rhoades responded that this item is for the domestic terminals. Traveler runs the ATMs and he will speak with them to see if this can be done.





13. Approval of Rental Car Center Concession Lease - Specifications, Minimum Qualification and Proposal Requirements, and Authorization to Accept Proposals

No. 02-0023                      Resolution approving the Lease specifications, minimum qualification and proposal requirements, and authorizing staff to accept proposals for the Rental Car Center Concession Lease, a Disadvantaged Business Enterprise Set-Aside.

14. Authorization to Accept and Expend FAA Funding for K-9 Explosives Detection Team Program - Up to \$240,500

No. 02-0024                      Resolution authorizing the acceptance and expenditure of FAA Funding of the K-9 Explosives Detection Team Program for an amount up to \$240,500.

Commissioner Ito asked if this money goes to the Airport or the Police Department.

Mr. Martin responded that he believed it comes to the Airport and is transferred to the Police Department. He will verify that information.

15. Rate Adjustment for Long Term Public Parking and Implementation of a Discounted Airport Parking Program for Airport and City & County of San Francisco Employees

No. 02-0025                      Resolution authorizing the Airport Director to adjust Long Term Public Parking Rates and implement a Discounted Airport Parking Program for Airport and CCSF Employees.

\* \* \*

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

\* \* \*

I. CORRESPONDENCE:



There was no discussion by the Commission.

\* \* \*

J. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:31 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding the settlement of unlitigated owner controlled insurance program builders' risk claim of Tutor-Saliba/Perini/Buckley, JV regarding the International Terminal South Shoulder Building; the settlement of unlitigated owner controlled insurance program builders' risk claim of Tutor-Saliba/Perini/Buckley, JV regarding the International Terminal North Shoulder Building; settlement of complaint in intervention filed by Hallmark Aviation Services in the matter of Aeroground, Inc. vs City and County of San Francisco et al, U.S. District Court case No. C-01-1628VRW as well as settlement of the Aeroground vs CCSF matter; and pending litigation entitled CCSF through its Airport Commission vs CalStar Retail, Inc., San Mateo Superior Court No. 417869; and, Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

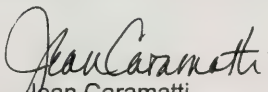
Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 10:10 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

\* \* \*

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:11 A.M.

  
Jean Caramatti  
Commission Secretary



02

# SAN FRANCISCO AIRPORT COMMISSION



## MINUTES

February 5, 2002

9:00 A.M.



ROOM 400 - CITY HALL  
400 VAN NESS AVENUE  
CITY AND COUNTY OF SAN FRANCISCO

WILLIE L. BROWN, JR., MAYOR

## COMMISSIONERS

HENRY E. BERMAN  
President

LARRY MAZZOLA  
Vice President

MICHAEL S. STRUNSKY

LINDA S. CRAYTON

CARYL ITO

JOHN L. MARTIN  
Airport Director

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Minutes of the Airport Commission Meeting of  
February 5, 2002

| CALENDAR<br>SECTION | AGENDA<br>ITEM | TITLE                                                                                                                                   | RESOLUTION<br>NUMBER | PAGE |
|---------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------|----------------------|------|
| A.                  |                | CALL TO ORDER:                                                                                                                          |                      | 3    |
| B.                  |                | ROLL CALL:                                                                                                                              |                      | 3    |
| C.                  |                | ADOPTION OF MINUTES:                                                                                                                    |                      |      |
|                     |                | Special Meeting of January 22, 2002                                                                                                     | 02-0030              | 3    |
| D.                  |                | ANNOUNCEMENT BY SECRETARY:                                                                                                              |                      | 3-4  |
| E.                  |                | ITEMS INITIATED BY COMMISSIONERS:                                                                                                       |                      |      |
|                     |                | Tutor-Saliba                                                                                                                            |                      | 4    |
| F.                  |                | ITEMS RELATING TO ADMINISTRATION,<br>OPERATIONS & MAINTENANCE:                                                                          |                      |      |
|                     | 1.             | Modification No. 11 to Contract 5750B - North<br>Cargo Facility/Apron - Lathrop/D.J. Amoroso                                            | 02-0031              | 4-5  |
| G.                  |                | CONSENT CALENDAR OF ROUTINE<br>ADMINISTRATIVE MATTERS:                                                                                  |                      |      |
|                     | 2.             | Modification No. 4 to Professional Services<br>Contract for International Aviation Development<br>Services - Gerchick-Murphy Associates | 02-0032              | 5    |
|                     | 3.             | Reimburse Nidal Nazzal (Burger Joint) for Work<br>Related to Replacement of Airport-Approved<br>Grease Exhaust System                   | 02-0033              | 5    |
|                     | 4.             | Notification of Intent to Issue Request for<br>Proposals for Security Guard Services                                                    | 02-0034              | 6    |
|                     | 5.             | Revised Lease Specifications for North Terminal<br>Concourse Ties, Scarves and Accessories Store<br>Lease                               | 02-0035              | 6-7  |
| H.                  |                | PUBLIC HEARING:                                                                                                                         |                      |      |
|                     | 6.             | Amendment to Airport Rules and Regulations and<br>Fees for Non-San Francisco Taxicabs                                                   | 02-0036              | 6    |
| I.                  |                | NEW BUSINESS:                                                                                                                           |                      |      |
|                     |                | Concrete Plant                                                                                                                          |                      | 7-9  |



|    |                                    |      |
|----|------------------------------------|------|
| J. | CORRESPONDENCE:                    | 9    |
| K. | CLOSED SESSION:                    | 9-10 |
|    | Pending Litigation: CCSF v CalStar |      |
|    | Potential Litigation               |      |
| L. | ADJOURNMENT:                       | 10   |



# AIRPORT COMMISSION MEETING MINUTES

February 5, 2002

## A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

\* \* \*

## B. ROLL CALL:

Present: Hon. Henry E. Berman, President  
Hon. Michael S. Strunsky  
Hon. Linda S. Crayton  
Hon. Caryl Ito

Absent: Hon. Larry Mazzola, Vice President

\* \* \*

## C. ADOPTION OF MINUTES:

The minutes of the special meeting of January 22, 2002 were adopted unanimously.

No. 02-0030

\* \* \*

- D. ANNOUNCEMENT BY SECRETARY: In accordance with the Brown Act, Jean Caramatti, Commission Secretary announced unanimous adoption of Resolution No. 02-0026 regarding settlement of an unlitigated Owner Controlled Insurance Program Builders' Risk Claim of Tutor-Saliba/Perini/Buckley, A Joint Venture, pertaining to their April 8, 2000 property damage loss at the International Terminal North Shoulder Building in the amount of \$90,000.00; Resolution No. 02-0027 regarding settlement of an unlitigated Owner Controlled Insurance Program Builders' Risk Claim of Tutor-Saliba/ Perini/Buckley, A Joint Venture, pertaining to their March 7, 2000 property damage loss at the International Terminal South Shoulder Building in the amount of \$90,000.00; Resolution No. 02-0028 regarding settlement of litigation entitled Aeroground, Inc. v CCSF, et al - U.S. District Court No. C 01 1628VRW; and Resolution No.



02-0029 regarding settlement of litigation entitled Hallmark Aviation Services, Plaintiff in Intervention in the Matter of Aeroground, Inc. v CCSF et al, U.S. District Court No. C 01 1628VRW in the amount of \$65,000 at the closed session of January 22, 2002.

\* \* \*

E. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Strunsky asked for a briefing in closed session on the potential lawsuit against Tutor-Saliba by the City Attorney.

Mr. John Martin, Airport Director responded that a briefing will be provided at the next meeting.

\* \* \*

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

1. Modification No.11 to Contract No. 5750B - North Cargo Facility/Apron Lathrop/D.J. Amoroso, A Joint Venture - \$190,989

No. 02-0031

Resolution approving of Modification No.11 to Contract 5750B, North Cargo Facility/Apron, with Lathrop/D.J. Amoroso, A J.V., in the amount of \$190,989 for additional work related to design revisions to facilitate construction, Airport requested revisions and unforeseen conditions to close out the contract. Funds are available in the existing project budget with no impact to the Master Plan Baseline Budget.

Mr. Mike Allen, Deputy Director, Bureau of Design and Construction explained that this is the final closeout modification to the North Cargo Facility project. The scope includes design revisions to accommodate construction, Airport change requests and unforeseen conditions.

Funding will be provided from project contingencies and has been included in the cost reports presented to the Commission. This modification has been reviewed and approved by the Master Plan Technical Advisory Board.

The MBE/WBE subcontracting goals for this contract were 15% MBE and 3% WBE. The approved participation levels were 22.10% MBE and 3.30% WBE. Through this modification the participation levels will be 17% MBE and 2.73% WBE.





Commissioner Strunsky asked if this is a final settlement and if we are satisfied that the value was obtained.

Mr. Allen responded that it is a final settlement and staff is satisfied.

\* \* \*

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 2 through 5, was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

2. Modification No. 4 to Professional Services Contract for International Aviation Development Services - Gerchick-Murphy Associates - \$40,000

No. 02-0032

Resolution authorizing Modification No. 4 to Professional Services Contract with Gerchick-Murphy Associates to increase the amount by \$40,000 for continued international aviation development services; all other terms and conditions of the contract remain in full force and effect.

Commissioner Strunsky asked if the Pat Murphy referred to in this item is the same Pat Murphy who sat on this Commission.

Mr. Martin responded that it is not.

Commissioner Ito noted that this group works with our Tokyo and Shanghai Bureaus and the Convention Bureau and asked if there is some coordination with those offices.

Mr. Peter Nardoza, Deputy Director, Public Affairs responded that there are two separate contracts ... the Gerchick-Murphy contract primarily assists us with State Department and DOT bi-lateral issues and related issues.

The Airport has a separate contract with the Convention and Visitors Bureau vis a vis our China and Japan offices. Airport staff keeps both parties advised of what everyone is doing in this arena.

3. Reimbursement to Nidal Nazzal (BurgerJoint) for Work Related to the Replacement of an Airport-Approved Grease Exhaust System - \$43,000

No. 02-0033

Resolution approving a reimbursement in a not-to-exceed amount of \$43,000 to Nidal Nazzal (Burger Joint) for work related to the replacement of an Airport-approved grease exhaust system.



4. Notification of Intent to Issue Request for Proposals for Security Guard Services

No. 02-0034

Resolution authorizing the Airport Director to Issue a Request for Proposals for security guard services to comply with FAA and Transportation Security Act security requirements.

Commissioner Strunsky asked who is acting in this capacity until this contract is in place.

Mr. Martin responded that the National Guard stopped performing this service in the beginning of January and Police Service Aides are currently performing the service.

Commissioner Ito asked if this cost will be reimbursed by the new Homeland Security budget.

Mr. Martin responded that it is in the grant application we submitted for reimbursement.

Commissioner Ito asked who staffs Courtyard G.

Mr. Jackson Wong, Chief Operating Officer responded that those individuals are part of the security force that patrols the garage ... they are part of the garage contract.

Mr. Martin added that trucks do not make deliveries in Courtyard G. The guards verify permits.

Commissioner Strunsky assumed that this contract will not cover Courtyard G.

Mr. Wong responded that this contract will cover Courtyards 1 and 4.

5. Revised Lease Specifications for North Terminal Concourse Ties, Scarves, and Accessories Store Lease

No. 02-0035

Resolution approving the revised lease specifications for the North Terminal Ties, Scarves, and Accessories Store Lease.

Commissioner Strunsky asked why the storefront requirement was being dropped, and if there was something we could do to maintain our standards.

Mr. Bob Rhoades, Deputy Director, Business and Finance responded that it will be handled in design review. This is a small business opportunity and to build out the full structure store front that we have elsewhere would be very difficult because there is no structure to attach it to. The lessee would have to start from scratch and it would be very expensive.



Books, Inc. did not follow the standard store front concept either because their design was so well done.

Mr. Martin said that he would rather see a standard store front, but given the cost constraints and the location of the store, he agreed to this departure.

\* \* \*

#### H. PUBLIC HEARING:

The Public Hearing was convened at 9:12 A.M. and adjourned at 9:15 A.M., there being no requests from the public to speak. Item No. 6 was moved by Commissioner Strunsky and seconded by Commissioner Crayton.

##### 6. Amendment to Airport Rules and Regulations and Fees for Non-San Francisco Taxicabs

No. 02-0036

Resolution amending Airport Rules and Regulations and establishing a staging fee for non-San Francisco taxicabs using the Airports parking facilities effective February 7, 2002.

Ms. Alice Sgourakis, Landside Operations explained that this is related to a cost saving measure. Presently, non-San Francisco taxicabs stage at Terminal 1 and pay their trip fee there. That zone is staffed by Curbside Management personnel. This resolution would have prearranged, non-San Francisco taxicabs stage in the garage and pay the discounted fee ... \$1.00 for each 30 minutes ... and the regular parking fee if they remain in the garage beyond an hour.

A driver could either park in the garage, walk to meet the passenger in the terminal and pay the discounted parking fee, or, arrange to meet the passenger at the taxi zone and pay \$3.25 for the long fare, or \$1.75 for the short fare.

This rule allows us to eliminate staffing at a curb.

Commissioner Strunsky asked how the cab drivers feel about this.

Ms. Sgourakis responded that several meetings have been held with the cab drivers ... one was held yesterday ... and, in general, they are in agreement. Since we are giving them an option as to how they can serve their customers, they are okay with it. There are very few non-San Francisco taxi trips at the Airport ... between 30 and 50 per day.

\* \* \*

#### I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table





next to the speaker's microphone, and submit it to the Commission Secretary.

Mr. Ricardo Ramirez, Pacific Cement, said that he is one of three concrete ready mix producers in San Francisco and it has come to his attention that SFO is entertaining the possibility of leasing a piece of Airport land for a concrete plant. There is an existing plant on that property at this time.

Three years ago he tried to lease this land but was turned down.

Tutor-Saliba was allowed to install a portable concrete plant on this property for the duration of the Master Plan. It was then extended for BART. It was agreed that once those jobs were complete, the plant would be removed.

During that time he relocated his business to the Port. They went through a very extensive SEIR, infrastructure fees and construction of a storm water plant for \$2.1 million.

If the Airport goes through with this plan the existing plant would have an unfair advantage.

He asked the Airport to reconsider.

Mr. Martin explained that staff will request Commission approval to bid a lease for this site. He is aware of the concerns presented by Mr. Ramirez and staff will work to make sure that the playing field is level for the bidding process.

Commissioner Strunsky noted that the temporary batch plant was to serve the massive amount of concrete used in the Master Plan. Is this strictly a commercial venture?

Mr. Martin responded that it is.

Commissioner Crayton asked Mr. Ramirez if he has written to staff regarding this issue.

Mr. Ramirez responded that he did send a letter, with copies to the Director and Commission President.

Commissioner Strunsky noted his concern in renting any Airport land for non-Airport related services, despite our need for money.

Commissioner Ito assumed that there would be constraints in a government body providing unfair competition.

Mr. Martin responded that our interest is simply to maximize revenue from this parcel of land. It doesn't matter what uses, subject to environmental constraints. We would not look for a long term lease. In the short term we know that the parcel is not needed for aviation purposes.

Mr. Tom Albanese, Central Concrete Supply, said that his company has been operating a clean ready mix concrete facility for over 30 years. They are directly impacted by keeping an on-site batch plant at the Airport.



The issue is that the use permit for this batch plant has expired. It is important that the Airport Commission consider this land as viable for rental income. They have no problem with another ready mix company coming into the area as long as they observe, pay and conform to all the restrictions his company has been obligated with.

Mr. Albanese presented photographs of the batch plant, demonstrating that the plant is in an environmentally sensitive area. They have not observed the Federal storm water mandates and they have been allowed to exist without these restrictions. He would not be allowed to operate under these conditions. The punishment for violations such as these is fine as well as imprisonment.

Mr. Eric Woodhouse, RMC Pacific Materials, said that his company has been supplying concrete in San Francisco for 100 years. His concern is the suitability of this site for a ready mix concrete plant. Ready mix concrete requires deliveries by large 40 ton trucks of sand, gravel and cement and subsequently batching it out into smaller trucks for the contractor that is using it.

They have worked hard with the City and County of San Francisco to identify an ideal future location for this type of industry. We have been working with the CCSF to identify the Port area ... Piers 80 thru 96, as ideal for this type of business. The raw materials that are used in the process can be brought in by barge, ship and train, thus taking the heavy 40 ton trucks off the road. If the Airport site is to be used permanently for a ready mix concrete plant, it negates many of those ideals we have been working towards.

If this site is deemed suitable for a long term ready mix concrete plant, he asked that everyone in the industry have the opportunity to bid on the lease in an open forum.

\* \* \*

#### J. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

#### K. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:32 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled City and County of San Francisco through its Airport Commission vs CalStar Retail, Inc., San Mateo Superior Court No. 417869; and, Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.



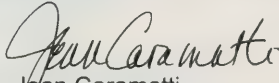
Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:50 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

\* \* \*

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at

  
Jean Caramatti  
Commission Secretary



02

# SAN FRANCISCO AIRPORT COMMISSION



## MINUTES

February 19, 2002

9:00 A.M.

✈ ROOM 400 - CITY HALL  
400 VAN NESS AVENUE  
CITY AND COUNTY OF SAN FRANCISCO

WILLIE L. BROWN, JR., MAYOR

## COMMISSIONERS

HENRY E. BERMAN  
President

LARRY MAZZOLA  
Vice President

MICHAEL S. STRUNSKY

LINDA S. CRAYTON

CARYL ITO

JOHN L. MARTIN  
Airport Director

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Minutes of the Airport Commission Meeting of  
February 19, 2002

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| J.  | CORRESPONDENCE:                                                                                                                                                                                                    |         | 15-16 |
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# AIRPORT COMMISSION MEETING MINUTES

February 19, 2002

## A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

\* \* \*

## B. ROLL CALL:

|          |                                    |
|----------|------------------------------------|
| Present: | Hon. Henry E. Berman, President    |
|          | Hon. Larry Mazzola, Vice President |
|          | Hon. Michael S. Strunsky           |
|          | Hon. Linda S. Crayton              |
|          | Hon. Caryl Ito                     |

\* \* \*

## C. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:03 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled City and County of San Francisco through its Airport Commission vs CalStar Retail, Inc., San Mateo Superior Court No. 417869; and, Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:36 A.M. The Commission voted unanimously to disclose their approval of a settlement agreement with CalStar Retail, Inc.

No. 02-0052

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## D. ADOPTION OF MINUTES:

The minutes of the regular meeting of February 5, 2002 were adopted unanimously.





\* \* \*

E. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Strunsky and seconded by Commissioner Crayton. The vote to approve was unanimous.

1. Retirement Resolution - Michael Allen

No. 02-0037

Mr. John Martin, Airport Director said that Mike Allen has been with the City for 36 years, 33 of which have been with the Airport. He began his career with the Utilities Engineering Bureau in 1966 and moved to the Airport in 1968, working in the Engineering Division. In 1972 he was named Employee of the Year in the Engineering Division. He became one of the first Project Managers in the Bureau of Design and Construction, established in 1979.

Mr. Allen was Project Manager for Boarding Areas E, D, the West Entrance Building of the South Terminal, Boarding Area C and Garages A and G ... a remarkable record.

Mr. Allen has served as the Chair of the Design Review Committee, and has agreed to continue in that role in his retirement.

He agreed to postpone his retirement and serve as Deputy Director for the Bureau of Design and Construction.

Mr. Allen is retiring effective March 2. He is joined today by his wife, Peggy.

Mr. Allen has been an outstanding employee and Project Manager.

Mr. Martin wished Mr. Allen the best in his retirement and looked forward to continuing to work with him on the Design Review Committee.

Commissioner Berman wished him well in his retirement and thanked him for the service, intelligence, diligence and patience he has put in over the years. It is highly noteworthy and should not pass without being called to attention.

Commissioner Mazzola thanked him for his service and asked why he is leaving now ... things are just beginning to warm up.

Commissioner Strunsky thanked Mr. Allen for his efforts over the past couple of years in closing out these complicated Master Plan contracts.

Commissioner Crayton said that Mr. Allen speaks softly but carries a big stick.



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Commissioner Ito said that Mr. Allen will leave an admirable legacy. Congratulations and all the best. We will miss you.

Mr. Allen said that he was overwhelmed with all the comments. In leaving, this is the final closeout modification for his work. It's gratifying to have been able to work for the City where he was born for the past 36 years and participate in the development of the Airport. He thanked the Commission, Airport staff, and those in the airline industry he has worked with over the years for making all of this possible for him. He was lucky to work with so many dedicated and talented people. Thank you, very much.

\* \* \*

F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

\* \* \*

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was moved by Commissioner Mazzola and seconded by Commissioner Crayton. The vote to approve was unanimous. Commissioner Strunsky left the meeting at 9:50 A.M. and was not present for the vote.

2. Proposed FY2002/03 Budget of \$570,718,512

No. 02-0038

Resolution approving the proposed Fiscal Year 2002/03 Budget in the amount of \$570,718,512.

Mr. Martin explained that the budget shows a decrease of 5.6% overall, about a 23% decrease in the operating expenses exclusive of debt service. It represents a balanced budget. We will end both the current year and next year with revenues equaling expenses.

Our agreement with the airlines requires us to have a balanced budget. Any shortfall is cured through an adjustment in the airline rates during the year, guaranteeing a balanced budget.

Acting with financial prudence, and given the current economic environment, we have worked to insure that there are no increases in airline rates in the current year. We realized efficiencies without significant declines in service levels in the current year, and we believe that we can continue to meet those standards for the Airport and continue to set standards for the industry.

As a further measure of our financial strength, we maintain reserve funds required by our bond covenants of \$200 million. This level of reserve funds would never be maintained by a private corporation, but as a public entity we have to maintain a higher level of fiscal conservatism. That fiscal conservatism is reflected in the budget estimates for next year. We are assuming a conservative scenario in





terms of a slow recovery in passenger traffic and a slow recovery of revenues.

We also have high bond ratings ... A+/A1. A number of airports have been downgraded since the events of September 11. While it is still a possibility for us, a downgrade to an A is still a high rating. It's about the average rating for U.S. airports and is higher than any airline in the industry.

We are committed to maintaining adherence to our mission ... to set standards for the aviation industry in security and safety, financial operations, customer service, and environmental commitment. We will not waiver in our commitment to those four mission areas.

We continue to set standards for safety and security. We will have the first terminal building in the country that is 100% compliant with the new Federal regulation by this fall.

In the financial area we will continue to be the Number 1, Number 2 airport in the level of concession sales on a per enplaned passenger basis.

We have a lot of debt with the completion of our new facilities but we fully expect the economy to recover, to return to the traffic levels that we had prior to September 11, and return to the economic growth in the Bay Area.

We are committed to maintaining the customer service levels. Even though we have cut some services, such as our Information Booth counters, we have increased the level of volunteer staffing.

Staff has come through in increasing the productivity level. I am very proud of the efforts of staff in being able to continue to meet the standards with a lower level of staffing overall and the high vacancy rates we now have.

We are committed to maintaining our environmental record. We have been and will continue to be a leader among U.S. airports with respect to our environmental record. We continue to have the highest level of transit ridership of any airport in the country, and we are committed to purchasing only clean air vehicles for the Airport. With respect to our Runway Program, the Commission has committed to achieving an environmental gain if that program moves forward. That commitment remains and was demonstrated by the Commission when it purchased a mitigation option in the North Bay that would result in at least 10-12 times as many acres that would be returned to the Bay as would be taken by the Runway Program.

A number of Capital Projects were postponed as a result of September 11 ... among them was a project to build a wastewater treatment plant. As traffic levels begin to return and revenues begin to rise, those projects will be put back in place. We expect to put the wastewater treatment plant contract out to bid very soon. It should be presented to the Commission for award in May. We plan to rely on the Commercial Paper Program as the funding source. Commercial Paper provides an important element of our overall financing program. We can borrow at a 1.65% interest rate versus over 6% for long term debt.





Mr. Bob Rhoades, Deputy Director, Business and Finance said that in the event we were unable or unsuccessful in securing a Letter of Credit from the bank consortium, and we were required to liquidate our Commercial Paper Program we have made provisions in the upcoming bond sale to provide enough funding for the wastewater treatment plant, as well as safety and security programs.

With respect to the \$570.7 million it is important to recognize that now that we have completed the Master Plan and \$302 million of that number is associated with debt service. When we embarked on the Master Plan in 1995 a strategic decision was made between the Airport and the airlines that we would not begin paying down the debt until the facilities were opened.

With respect to the reduction in the budget, staff has worked hard to come up with an operating budget that has been reduced by 23.2% and at the same time allows the Airport to provide all of the essential services to which it is committed. Reductions are primarily in personnel ... some through attrition, and some through transfers. There may be some separations but we are trying to manage them through vacancies and transfers to other City departments.

We have reduced Professional Services Contracts by 39%. The core of our outside support companies have been maintained but we are looking to manage the contracts better. One of the major reductions is in the garage. With the reduction in usage we have found ways to more efficiently manage it and reduce expenses.

We have reduced Materials and Supplies by better management.

Capital Outlay ... a budget for funding equipment, etc ... we believe we can manage with the resources we have for the next fiscal year.

We have reduced work orders for non-essential services from other City departments.

We believe that we have a budget that we can balance. We are not assuming a full rebound in passenger traffic for next year, or a full rebound in revenues.

Mr. Martin added that the annual service payment, budgeted next year at \$21 million, still represents a payment of more than twice the amount that any other city or state receives from an airport. In accordance with the flow of funds as established by our bond covenants, the annual service payment is made at the end of the year. The payment is not made if there is a budget problem.

Commissioner Berman thanked Mr. Rhoades and the staff for their hard work.

Commissioner Crayton asked about the debt service and the year to year comparison.

Mr. Rhoades responded that the debt service will be rising by about \$47.4 million to about \$302 million for the next fiscal year.



Commissioner Ito commended Mr. Rhoades for avoiding layoffs. She hoped that some of the gaps in services that have been created by budget reductions will be reviewed as our economics improve.

Mr. Martin responded that we will be doing our annual passenger survey in May which will help to identify any service gaps that may be occurring. We also have comment cards throughout the Airport. He reviews those cards personally as well as a number of senior staff members. He has not seen any problems. That is a compliment to staff as they are taking on that additional work load in maintaining the service level.

Mr. Rhoades views some of these suspensions as temporary in nature. Some of the services should be reinstated as revenue rebounds.

Item No. 3 was moved by Commissioner Mazzola and seconded by Commissioner Crayton. The vote to approve was unanimous.

3. Approval of Concession Support Program - Reinstatement of Concessionaires' Minimum Annual Guarantees, Term Extension of Certain Concession Leases, and Other Modification Issues

No. 02-0039

Resolution approving the Airport Concession Support Program consisting of reinstatement of concessionaires' Minimum Annual Guarantees, term extension of certain concession leases, and other modification issues; directing the Commission Secretary to seek approval of the Board of Supervisors to the extent required; and authorizing the Airport Director to take such actions as are appropriate to implement the Airport Concession Support Program, including the execution of lease amendments.

Mr. Rhoades explained that as a result of the tragic events of September 11, 2001 the Commission approved the suspension of the minimum annual guarantees (MAG) for our concessionaires in order to provide them with some financial relief during those times.

San Francisco International Airport was the first major airport in the United States to recognize that it had an obligation to its tenants and concessionaires. Other airports subsequently followed with their own method of relief.

At this time staff is seeking approval of a formula for reinstating the minimum annual guarantees. The leases don't have any provisions for these types of events.

In this formula, if enplanements in a particular area reach 85% in two consecutive months, matching the same two months in 2000 then the MAG for concessionaires in that area would be reinstated retroactive to the second of the



two months.

The formula will be based on activity by boarding area because the rate of recovery will vary from boarding area to boarding area.

Many of these tenants who were awarded leases in 1998, 1999, 2000 were faced with extraordinary costs to build out their facilities. This puts a significant financial burden on these tenants with respect to recovering their investment. Staff is recommending that any concession tenant who entered into a lease with the Airport in 1998, 1999, and 2000 be afforded the opportunity of five year lease extension so that they can recover their investment.

Other provisions in this item are to rectify inequities. Initially three of the food and beverage operators were envisioned to be bars rather than food facilities and the rent structure was much higher. This resolution would change their rent structure to reflect that they are restaurants.

The Foreign Exchange Lease was on a fixed fee basis with no percentage provisions. They were established after 9/11.

Duty Free In-Bond is unique from the normal retail business and staff has not yet concluded its recommendation.

Commissioner Ito is happy to see these approaches to salvage our program. She asked if any of our concessionaires are at risk given these new options.

Mr. Rhoades responded that he does not see anyone at risk. He can't predict how fast we will get back to normal. Not everyone will be ecstatic about this approach, but we believe that it addresses each area of the Airport and each component of the airline population in a fair way.

Commissioner Crayton asked Mr. Rhoades if he has met with the concessionaires.

Mr. Rhoades responded that he has met with all of the concessionaires and explained the elements of this program.

Mr. Michael Levine, representing the Restaurant Association and partner in the Il Fornaio Café del Mondo, said that they have been very pleased that staff and Mr. Rhoades has assisted them through this difficult time. They were happy to be included in discussions and to see that lease extensions are being considered. It is only fair to take the three operations past security and assign them the same percentages as everyone else.

Because there was a clause in the food and beverage leases they were not included in the removal of the MAG because most people were already on percentage rent ... they had already achieved the MAG by September 11. It was not necessary to remove the MAG even though the language says "all concessionaires." However, going into the second year with the MAG now back in place, it is restricting cash flow for many operators.





They would like to look at the possibility of waiving the MAG, even though their contract has a procedure for it.

While staff believes that monitoring enplanements seems to be the way to go, there is a difference between enplanements and sales. Enplanements is the benchmark and there is a presumption that enplanements bring a certain number of meeters and greeters. However, meeters and greeters are no longer allowed past security. If you look at enplanements in the boarding areas, you won't have the same number of sales as a year ago.

Restaurant operations are running at 15% to 25% decrease over last year.

Mr. Frank De La Cruz, Pacific Gateway Concessions, has three stores in Boarding Area B, four stores in Boarding Area C, and seven stores with DFS in the International Terminal.

He thanked the Commission for the rent concessions and said that the proposal before the Commission is fair. He asked the Commission to consider returning to percentage rent if enplanements drop below 85%.

Ms. Katy Koch, Co-Acting Director of the Museum of Modern Art, said that reintroducing the MAG at this time is premature. Nine businesses have already closed in the International Terminal. Reinstating the MAG would cause more to close, and they would be one of them. Their rent would more than double, bringing them to a break even or slightly negative cash flow ... and that is before any recovery of the significant tenant improvements.

As a non-profit organization with a mission to preserve and present contemporary modern art, they cannot subsidize a retail operation. She would have to recommend to her Board of Trustees that they close the store, and she believes they would agree.

They went through a staff restructuring last month that resulted in layoffs of both union and non-union employees. Closing the store at the Airport would result in further layoffs, but a negative cash flow would have the same result and potentially for a longer duration.

She asked the Commission to defer reinstating the MAG for the time being.

Mr. Mark Thornton, Managing Partner of the Golf Shop, said that they fully realize that the Airport and the City of San Francisco have seen some difficult times over the past months and more challenges lie ahead.

A number of concessionaires are in favor of the concept of the program, but they don't know whether to embrace the program or aggressively oppose it because the enplanement numbers have been inconsistent. They cannot accurately assess the impact of this proposal until they receive finalized, detailed enplanement numbers for 2000 and 2001.

Even prior to September 11 business was not very good in the International





Terminal. The average retailer was paying almost 50 cents on every dollar towards rent. Any program that brings us back to those days and those ratios would be disastrous.

He would like the Commission to postpone any decision until they can receive detailed enplanement numbers for 2000 and 2001. They would also like to have the opportunity to discuss with staff how they came to these numbers. This decision could have a devastating impact on our employees, businesses and the traveling public.

Commissioner Crayton asked Mr. Thornton if he was able to analyze and project expenses or a break even scenario.

Mr. Thornton responded that the MAG would be reinstated for us based on the enplanements for last year ... somewhere around 1,300,000. Last years model was not good for anyone in the International Terminal. The Golf Shop was at the low end of the curve as far as rent to sales ratio ... they were in the 25% range prior to 9/11 with the average in the International Terminal was around 50%.

The 2000 numbers would be fine because it would show an increase of around 20%. They are all in tough positions, and they realize that the MAG has to come back.

Commissioner Ito said that there are very reasonable questions being raised here about enplanements.

Mr. Rhoades responded that there seems to be some confusion. The base year is 2000, not 2001.

One of the factors not considered in putting these numbers together for the meeting with tenants was that we had some airlines relocated, and some traffic was relocated and those issues were not reflected in the numbers that were presented. Adjustments have to be made. Since Alitalia and Swissair no longer operate out of the International Terminal, those numbers as reflected in 2000 have to be made up.

Commissioner Mazzola asked if there is a formula that comes into play if the MAG is reinstated and that action is detrimental to the concession.

Mr. Martin responded that there is no provision under the existing lease. We will continue to monitor the situation. We are being very conservative in looking at 2000 rather than 2001.

Item No. 4 was moved by Commissioner Berman and seconded by Commissioner Crayton. The vote to approve was unanimous.

4. Approval of Issue 28 Sale Resolution - \$643,000,000

No. 02-0040

Resolution providing for the sale of not to exceed



\$643,000,000 aggregate principal amount of San Francisco International Airport Second Series Revenue Refunding Bonds, Issue 28, approving certain documents and amendments in connection therewith, and providing for the delegation of the award of such bonds to the Airport Director.

Mr. Leo Fermin, Associate Deputy Director, Finance explained that this resolution authorizes the issuance and sale of not-to-exceed \$643,000,000 in refunding bonds, Issue 28. At this time we are projecting that the size of the refunding bonds will be around \$365,000,000 which will be used to refinance the Issue 1 bonds which were first sold in 1992, as well as some outstanding Commercial Paper amounts.

The Issue 1 bonds carry an interest rate of 6.4% today. We anticipate that with the sale of Issue 28 we can refinance this debt at interest rates in the range of between 5.2% to 5.3%, giving us a net present value savings of between \$10 million to \$12 million.

We plan to go to market on February 28 for competitive bids. Prior to that we expect to receive ratings from the rating agencies on February 22.

Item No. 5 was moved by Commissioner Mazzola and seconded by Commissioner Crayton. The vote to approve was unanimous.

5. Award Contract No. 3561 - Runway 28R-101, Overlay and Reconstruction - Granite Rock Company, dba Pavex Construction - \$11,444,450

|             |                                                                                                                                                                                                                       |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 02-0041 | Resolution awarding Airport Contract No. 3561, Runway 28R-101, Overlay and Reconstruction, to the lowest responsive, responsible bidder, Granite Rock Company, dba Pavex Construction, in the amount of \$11,444,450. |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance explained that this contract is funded by the FAA so there is 75% reimbursement for this project.

Item No. 6 was moved by Commissioner Mazzola and seconded by Commissioner Crayton. The vote to approve was unanimous.

6. Modification No. 7 to Contract No. 5670A - Concourse H/AirTrain Station & North International Parking Garage - Tutor-Saliba Corporation - \$1,452,166

|             |                                                                                                                                                 |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 02-0042 | Resolution approving Modification No.7, close-out Modification, to Contract 5670A, Concourse H/ Air Train Station & North International Parking |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------|



Garage, with Tutor-Saliba Corp., in the amount of \$1,452,166, for changes related to BART requirements, Airport requirements and design changes to facilitate construction. Funding sources are contract contingency and the Airport's "up to \$200 million" contribution to the BART-SFO Extension Project.

Mr. Mike Allen, Deputy Director, Bureau of Design and Construction, explained that this is the final closeout modification for Contract No. 5670A. The Modification provides for changes to BART requirements, Airport requirements, and design changes to facilitate construction.

Funding will be provided from contract contingency and the Airport's "up to \$200 million" contribution to the BART-SFO extension project. This modification has been reviewed and approved by the Master Plan Advisory Board and the costs have been included in the cost forecasts presented to the Commission.

The MBE/WBE subcontracting goals were 18% and 3% respectively. The contractor's participation levels of 21.1% MBE and 1.2% WBE were accepted by the Human Rights Commission at the time of award. This modification provides for 24.6% MBE and 6.3% WBE participation levels. The cumulative participation levels through this modification will be 20.2% MBE and 1.6% WBE.

Item No. 7 was moved by Commissioner Berman and seconded by Commissioner Crayton. The vote to approve was unanimous.

7. Modification No.13 to Contract 5520E - Boarding Area "G" General Building Construction - Contract Closeout - Tutor-Saliba/Perini/Buckley - \$62,463.98

|             |                                                                                                                                                                                                                                                                                                                    |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 02-0043 | Resolution approving Modification no.13 to Contract 5520E, Boarding Area "G" General Building Construction with Tutor-Saliba/Perini/Buckley in the amount of \$62,463.98 for the final adjustment of bid items and allowances and to close out the contract. The funding source is the Master Plan project budget. |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Mr. Allen explained that this is the final closeout modification for Contract No. 5520E, Construction of Boarding Area G. The modification makes final adjustments of contract bid items and allowances to cover the costs of actual quantities of labor and material supplied to the project.

Funding will be provided from the project budget. All costs have been included in cost forecasts presented to the Commission.

The MBE/WBE subcontracting goals were 20% MBE and 3% WBE. The contractor's approved subcontracting participation levels were 18.3% and 0.9% at the time of award. The cumulative participation levels through this modification



will be 18.2% MBE and 0.1% WBE.

\* \* \*

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 8 through 15, was moved by Commissioner Mazzola and seconded by Commissioner Ito. The vote to approve was unanimous.

8. Modification No. 5 to Professional Service Contract 7021.3 - Airfield Development Planning for the Runway Reconfiguration Project - HNTB - \$300,000

No. 02-0044                      Resolution approving Modification No. 5 to Professional Service Contract 7021.3 with HNTB for Airfield Development Planning for the Runway Reconfiguration Program in the amount of \$300,000.

9. Approval of an Adjustment of the Transportation Fee for the Consolidated Bus System Serving the SFO Rental Car Center

No. 02-0045                      Resolution approving an adjustment of the transportation fee for the Consolidated Bus System serving the SFO Rental Car Center and authorizing the rental car companies to implement the adjusted transportation fee effective March 1, 2002.

10. Modification No. 3 to Contract No. 5701AE - Professional Services Agreement for Air Train Maintenance Facility and Communications Center Expansion - Hertzka & Knowles/Robert B. Wong, Associate Architects - \$23,206

No. 02-0046                      Resolution approving an increase to professional services fees in the amount of \$23,206 to provide Architectural and Engineering Services. Funding for the services will be provided from project budget transfers.

11. Award of Professional Legal Services Contract to Danning, Gill, Diamond & Kollitz, LLP and Jessop & Company, P.C. - Aggregate Amount of \$100,000

No. 02-0047                      Resolution awarding a Professional Legal Services Contract to Danning, Gill, Diamond & Kollitz, LLP and Jessop & Company, P.C., to serve as outside counsel in bankruptcy law, at an initial aggregate cost of \$100,000.







12. Modification No.1 to Legal Services Agreement to Increase Compensation with Morrison & Foerster LLP - \$50,000

No. 02-0048                      Resolution approving contract Modification No. 1 to legal services agreement with Morrison & Foerster LLP to increase compensation by the amount of \$50,000 (re Master Plan/Phase B and Airlines Lease and Use Contract)

13. Modification No. 4 to Legal Services Agreement to Increase Compensation with O'Melveny & Myers LLP - \$50,000

No. 02-0049                      Resolution approving contract modification No. 4 to legal services agreement with O'Melveny & Myers to increase compensation by the amount of \$50,000.

14. Selection of Pool of Commercial Paper Dealers

No. 02-0050                      Resolution establishing a pool of commercial paper dealers and authorizing the Director to negotiate Commercial Paper Dealer Agreements with the approved firms in the pool.

15. Approve Lease Specifications for Portable DVD Rental

No. 02-0051                      Resolution approving lease specifications, authorizing Staff to conduct a Pre-Bid Conference for the Portable DVD Rental Lease, and extend trial period on a month-to-month basis.

\* \* \*

I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests to speak from the public.

\* \* \*

J. CORRESPONDENCE:

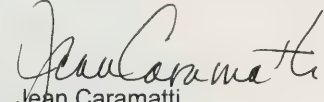


There was no discussion by the Commission.

\* \* \*

K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:40 A.M.

  
Jean Caramatti  
Commission Secretary



# SAN FRANCISCO AIRPORT COMMISSION



## MINUTES

March 5, 2002

9:00 A.M.



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Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT  
SAN FRANCISCO, CALIFORNIA 94128



Minutes of the Airport Commission Meeting of  
March 5, 2002

| CALENDAR<br>SECTION | AGENDA<br>ITEM | TITLE                                                                                                                                                                | RESOLUTION<br>NUMBER | PAGE  |
|---------------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------|
| A.                  |                | CALL TO ORDER:                                                                                                                                                       |                      | 3     |
| B.                  |                | ROLL CALL:                                                                                                                                                           |                      | 3     |
| C.                  |                | ADOPTION OF MINUTES:                                                                                                                                                 |                      |       |
|                     |                | Regular meeting of February 19, 2002                                                                                                                                 | 02-0053              | 3     |
| D.                  |                | ANNOUNCEMENT BY SECRETARY:                                                                                                                                           |                      | 3     |
| E.                  |                | ITEMS INITIATED BY COMMISSIONERS:                                                                                                                                    |                      | 3     |
|                     |                | Medical Clinic                                                                                                                                                       |                      | 11-12 |
| F.                  |                | ITEMS RELATING TO ADMINISTRATION,<br>OPERATIONS & MAINTENANCE:                                                                                                       |                      |       |
|                     | 1.             | Award Contract 3384D - Taxiway Z Bypass -<br>Ghilotti Brothers, Inc.                                                                                                 | 02-0054              | 3-4   |
|                     | 2.             | Modification No. 4 to Contract 4240 - Additional<br>Analyses Needed for the Phase II Environmental<br>Impact Studies for the Runway Reconfiguration<br>Program       | 02-0055              | 4-5   |
|                     | 3.             | Modification No. 12 to Professional Services<br>Contract 5500CM - Testing and Inspection<br>Special Inspection Services for Smoke Control<br>System - SFO Associates | 02-0056              | 5     |
|                     | 4.             | Approval of Re-Structures Fee/Rent Terms -<br>Luggage Cart Lease and Operating Agreement -<br>Smarte Carte, Inc.                                                     | 02-0057              | 6     |
|                     | 5.             | Bid Call - Contract 4378R - SFIA Wastewater<br>Treatment Plant Expansion                                                                                             | 02-0058              | 6-7   |
|                     | 6.             | Authorization to Execute Project No, 01-1-3-06-<br>0221-1902 - Project Application for AIP - FAA                                                                     | 02-0059              | 7-8   |
| G.                  |                | CONSENT CALENDAR OF ROUTINE<br>ADMINISTRATIVE MATTERS:                                                                                                               |                      |       |
|                     | 7.             | Proposed Fee Structure for Providing Services<br>Related to Repair Work for Airport Tenants                                                                          | 02-0060              | 8     |





|     |                                                                                                                                                                                           |         |       |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-------|
| 8.  | Modification No. 1 to Curbside Management<br>Program Contract - ShuttlePort/DAJA SFO<br>Joint Venture                                                                                     | 02-0061 | 8-9   |
| 9.  | Airport Advertising Lease - Approve Additional<br>Advertising Locations in Baggage Claim Level<br>of the Airport and Reinstatement of Minimum<br>Annual Guarantee Effective April 1, 2002 | 02-0062 | 9     |
| 10. | Modification No. 1 to Contract 5704A - AirTrain<br>Graphics - Vomar Products, Inc.                                                                                                        | 02-0063 | 9-10  |
| 11. | Modification No. 5 to Contract 3487 - West Field<br>Detention Basin                                                                                                                       | 02-0064 | 10    |
| H.  | NEW BUSINESS:                                                                                                                                                                             |         |       |
|     | Concrete Batch Plant                                                                                                                                                                      |         | 10    |
| I.  | CORRESPONDENCE:                                                                                                                                                                           |         |       |
|     |                                                                                                                                                                                           |         | 10    |
| J.  | CLOSED SESSION:                                                                                                                                                                           |         |       |
|     | Settlement: Sonia Acosta v CCSF                                                                                                                                                           | 02-0065 | 10-11 |
|     | Potential Litigation                                                                                                                                                                      |         | 10-11 |
| K.  | ADJOURNMENT:                                                                                                                                                                              |         |       |
|     |                                                                                                                                                                                           |         | 12    |



# AIRPORT COMMISSION MEETING MINUTES

March 5, 2002

## A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

\* \* \*

## B. ROLL CALL:

Present: Hon. Henry E. Berman, President  
Hon. Larry Mazzola, Vice President  
Hon. Michael S. Strunsky  
Hon. Linda S. Crayton  
Hon. Caryl Ito

\* \* \*

## C. ADOPTION OF MINUTES:

The minutes of the regular meeting of February 19, 2002 were adopted unanimously.

No. 02-0053

\* \* \*

## D. ANNOUNCEMENT BY SECRETARY:

In accordance with the Brown Act, Jean Caramatti, Commission Secretary, announced unanimous adoption of Resolution No. 02-0052 entitled City and County of San Francisco through its Airport Commission v. CalStar Retail, Inc., San Mateo Superior Court No. 417869 at its closed session of February 19, 2002.

\* \* \*

## E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

\* \* \*

## F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Mazzola and seconded by Commissioner Strunsky. The vote to approve was unanimous.



1. Award Contract 3384D - Taxiway "Z" Bypass - Ghilotti Brothers, Inc. - \$6,249,997

No. 02-0054                      Resolution awarding Contract 3348D, Taxiway 'Z' Bypass, to the lowest responsive, responsible bidder, Ghilotti Brothers, Inc., in the amount of \$6,249,997.00.

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance explained that Taxiway Z Bypass brings aircraft traffic around the ends of the 28s so that we don't have incursions into those two runways.

Six bids were received, with Ghilotti Brothers submitting the lowest bid.

The project has 75% funding from the FAA.

Item No. 2 was revised and moved by Commissioner Strunsky and seconded by Commissioner Mazzola. The vote to approve was unanimous.

2. Modification No. 4 to Contract 4240 - Additional Analyses Needed for the Phase II Environmental Impact Studies for the Runway Reconfiguration Program - URS Corporation - ~~\$3,400,000~~ \$2,650,000

No. 02-0055                      Resolution Modification No. 4 to Contract 4240 with URS Corporation for additional technical analyses to complete preparation of SFO's proposed Runway Reconfiguration Program Draft EIS document in amount not to exceed ~~\$3,400,000~~ \$2,650,000.

Mr. Tom Kardos, Deputy Director, Airfield Development explained that in June 1999 the Commission awarded URS Corporation Phase I of the Environmental Impact Studies contract covering the performance of the baseline studies. Modifications 1, 2 and 3 authorized work included in Phase I ... the performance of detailed technical analyses, the preparation of the draft EIS/EIR, and the preliminary assessment of potential mitigation sites.

Last November San Francisco voters ratified Proposition D requiring voter referendum on projects placing more than 100 acres of fill in San Francisco Bay. Because the vote is only contingent on the completion of the EIR, the FAA and the City's Office of Environmental Review agreed to prepare separate but parallel EIR and EIS documents both based on the technical analyses prepared by URS. URS will prepare the required technical reports, the draft EIS and facilitate public comments during the comment period.

FAA and SFO staff estimate the cost to complete Phase II to be approximately \$7.6 million. We collaborated with the FAA in identifying Federal grant eligible costs and submitted a grant application for \$7.1 million. The difference will be Federally reimbursable once the record of decision is issued. We expect the FAA



decision within the next 6-8 weeks.

At this time, we are requesting only sufficient funds to cover costs through September 2002, the end of the Federal fiscal year. This portion of the contract was originally negotiated at \$3.1 million. At the request of the Director, and in line with other professional services contracts, URS agreed to reduce the contract amount by 15%. A revised resolution was submitted for \$2.65 million.

For the base contract, the MBE/WBE combined participation goal was 20%. This was maintained through the first modification. The scope of Modifications 2 and 3 facilitated participation levels of 8% and 7% respectively. Due to Federal funding, this modification must comply with Federal requirements for DBE participation. All current MBE/WBE firms participating in this modification are certified DBE firms. The DBE participation level for the future work will be 10% as reviewed and approved by both HRC and the Airport's MBE/WBE Opportunity Outreach Office.

Item No. 3 was moved by Commissioner Mazzola and seconded by Commissioner Crayton. The vote to approve was unanimous.

3. Modification No.12 to Professional Services Contract 5500CM - Testing and Inspecting Smoke Control System - SFO Associates, A Joint Venture of Parsons/AGS,Inc./EPC Consultants Inc./Business Development Inc. - \$300,000

No. 02-0056

Resolution approving Modification No.12, the closeout modification, to Contract No. 5500CM, Professional Services Contract to SFO Associates, A J.V. of Parsons/AGS,Inc./EPC Consultants Inc./Business Development Inc., in the amount of \$300,000 for final testing and inspection of the smoke control system for the International Terminal Building.

The modification will be funded from budget transfers from other Master Plan Projects with no impact to the Master Plant budget.

Mr. Ivar Satero, Acting Deputy Director, Bureau of Design and Construction explained that this is a close-out modification with SFO Associates. This modification will provide for final testing and inspection of the fire alarm system. Most of the work will occur after all of the punch list work is completed. We expect completion by late summer.

The goals for this contract were 17% MBE and 3% WBE. This contract, through this modification, will have achieved 18% MBE and 5% WBE.

This work is required to obtain the final Certificate of Occupancy for the terminal complex.

Commissioner Strunsky said that he has rarely seen a large contract run better.





Item No. 4 was moved by Commissioner Mazzola and seconded by Commissioner Ito. The vote to approve was unanimous.

4. Approval of Re-Structured Fee/Rent Terms - Luggage Cart Lease and Operating Agreement - Smarte Carte, Inc.

No. 02-0057                                      Resolution approving the re-structure of the Fee/Rent for the Luggage Cart Lease and Operating Agreement as negotiated with Smarte Carte, Inc.

Mr. Bob Rhoades, Deputy Director, Business and Finance said that Smarte Carte, Inc. was awarded the Luggage Cart Operating Agreement on November 20, 2001 for a five year term at a not-to-exceed aggregate amount of \$10, 636,000. In light of the current budgetary constraints, the change in economic conditions and the effects of September 11, staff has entered into renegotiations with Smarte Carte to restructure the fee rent which has two financial components ... service fees charged to the Airport for operating the free cart programs and contingency plans, and the base rent percentage paid to the Airport for paid carts

As a result of the negotiations staff recommends a modification to the fee structure. The annual fee services will remain the same, however, when they were first established we were assuming a continual rise in passengers. Since that has not happened we are recommending either an annual fee, or \$1.20 per cart. The \$1.20 per cart reflects current economic conditions with respect to labor and the cost of maintaining a free cart program in a building that is roughly three and a half times the size of the old building.

We have also increased the percentage rent to the Airport for paid carts from 15% to 25%. The minimum annual guarantee remains the same at \$450,000. Smarte Carte has agreed to continue the rental cart program and contingency without fee.

This resolution also allows Smarte Carte to increase the cart cost from \$2.00 to \$3.00, which is consistent with what is happening throughout the United States. Los Angeles has just increased the fee for carts to \$3.00.

Commissioner Strunsky said that at some point he would like to see the new cart that is designed to go onto the Light Rail System.

Commissioner Ito asked about the rationale in the increase in percentage from 15% to 25%.

Mr. Rhoades responded that it is tied to Smarte Carte's increase from \$2.00 to \$3.00.

Item No. 5 was moved by Commissioner Mazzola and seconded by Commissioner Ito. The vote to approve was unanimous.

5. Bid Call - Contract No. 4378R - SFIA Wastewater Treatment Plant Expansion



Resolution approving the scope, budget, and schedule for Contract 4378R, Wastewater Treatment Plant Expansion, and authorizing the Director to call for bids when ready.

Mr. Eavis explained that this resolution seeks Commission approval for the scope, budget and schedule for Contract No. 4378R, Wastewater Treatment Plant Expansion. This project will change the existing Activated Sludge Treatment Plant to Sequential Batch Reactor Plant. It will increase flexibility and give us greater capacity.

We will also include add alternates to expand the Industrial Treatment Plant and some electrical work that goes with it. However, award of the contract will be based only on the Sewage Treatment Plant. We will not add the add alternates unless good prices are received on those two components.

This contract was originally bid last year, however the award was rescinded after September 11. Modifications to the original contract have been made.

Commissioner Crayton asked if any part of this contract was reimbursable by the FAA.

Mr. Eavis responded that it is not.

Mr. Martin added that the bond issue sold last week included funds allocated for this project. The interest rate for the bond sale came in just over 5%. We are realizing a savings on our debt service.

Commissioner Mazzola asked how many contractors bid last time.

Mr. Eavis responded that three bids were received.

Item No. 6 was moved by Commissioner Mazzola and seconded by Commissioner Ito. The vote to approve was unanimous.

6. Authorization to Execute Project No. 01-1-3-06-0221-1902 (Grant No. 19) Project Application for Airport Improvement Program - Federal Aviation Administration - \$24,767,055

Resolution authorizing the Director to execute and file a Project Application with the FAA for assistance in funding improvements at the Airport, and to accept, execute, and expand the resulting Grant Agreement in the proposed amount of \$24,767,055.

Mr. Eavis explained that this resolution seeks approval to apply to the FAA for our Entitlement Grant for this year in the amount of \$24.7 million. The grant is made up of two pieces of firefighting equipment, major security improvement projects,



airfield seismic stabilization on the existing airfield and realignment, power distribution, system loop connection and shoreline protection (dike system). The Federal government will reimburse 75% of the cost of these projects. Some of the security projects will be funded at 100% of the cost.

Commissioner Strunsky asked if the second MPOE is under way.

Mr. Eavis responded that it is under construction. It is not included in any grant.

Mr. Martin added that there is limited number of total dollars we are entitled to under the Federal grant formula. We have more projects in any one year than we can fund from our FAA entitlement.

Mr. Eavis added that the Federal government attaches revenues on projects where revenue is derived.

Mr. Eavis said that the MPOE won't simply function as a back-up. Either building will be capable of handling all of the calls, however, there will normally be a split between the two.

Commissioner Strunsky noted that there will be no net gain in revenue for either the Airport or the phone company as a result of the second MPOE. There won't be additional telephone service.

\* \* \*

#### G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

Commissioner Strunsky was unanimously recused from voting on Item No. 9. The Consent Calendar, Item Nos. 7 through 11, was moved by Commissioner Ito and seconded by Commissioner Mazzola. The Consent Calendar was adopted unanimously.

##### 7. Proposed Fee Structure for Providing Services Related to Repair Work for Airport Tenants.

No. 02-0060

Resolution approving the fee structure for providing services related to repair work for Airport tenants.

Commissioner Strunsky asked if the new rules coincide with standard real estate rules such as BOMA (Building Owners and Managers Association) regarding what can be charged back to tenants.

Mr. Eavis responded that this is a break even fee structure ... we will charge for materials, labor and the normal fringe benefit. These fees are equivalent to the surrounding communities.

##### 8. Modification No. 1 to Curbside Management Program Contract -





## ShuttlePort/DAJA SFO Joint Venture

No. 02-0061

Resolution authorizing Director to enter into Modification No. 1 of the existing agreement to either eliminate or reduce various elements of the Curbside Management Program resulting in an annual cost for the contract period from October 1, 2001 to September 30, 2002 not exceeding \$3,615,700.

Commissioner Crayton said that she would like to take a tour to see what will be in place. She asked if there have been any complaints.

Mr. Martin responded that he has not received any complaints. This allows us to consolidate zones, reduce hours, and still provide a high level of service.

The only time we have a problem is in the evening hours with "bandit" limousines. During the day Landside staff seems to keep the problem under control.

Commissioner Ito asked if this will be reviewed at the end of October.

Ms. Alice Sgourakis, Landside Operations responded that the current contract expires in October. This will be looked at again at that time to determine how effective the reductions have been and whether we need further reductions in order to meet our budget constraints.

9. Airport Advertising Lease - Approve Additional Advertising Locations in the Baggage Claim Level of the Airport and Reinstatement of the Minimum Annual Guarantee Effective April 1, 2002

No. 02-0062

Resolution approving additional advertising locations in the baggage claim level of the Airport and reinstating the Minimum Annual Guarantee effective April 1, 2002.

Commissioner Ito asked about the level of success. She wanted to make sure this was balanced and is not because a good job is not being done.

Mr. Rhoades responded that the contractor has done an outstanding job, but the challenge is the economy. The advertising business was booming with e-commerce and financial services businesses when the contract was bid. They all faltered after the contract was awarded. It has been a challenge to find advertising. Traffic has also faltered in the garage.

Allowing us to expand into an area will not effect our aesthetics, but the high visibility will bolster the advertising effort to overcome some of the shortfalls.

10. Modification No. 1 to Contract 5704A - AirTrain Graphics - Vomar Products, Inc.-





\$572,891

No. 02-0063

Resolution approving Modification No.1 to Contract 5704A, AirTrain Graphics with Vomar Products, Inc., in the amount of \$572,891 for wayfinding signs from the Central Garage to AirTrain.

Funding will be provided from the Airport's Capital Improvement Program, with no impact to the Master Plan Budget.

11. Modification No. 5 to Contract No.3487 - West Field Detention Basin - \$120,000

No. 02-0064

Resolution approving Modification No.5 (final modification) to Contract No. 3487, West Field Detention Basin, which will increase the original contract in an amount not to exceed \$120,000, making a total contract amount of \$9,407,505.60.

\* \* \*

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Mr. Ricardo Ramirez, Pacific Cement, said that he spoke with Airport staff regarding the proposed concrete plant lease site and understands it has been postponed. His family is putting together funds to bid on this project and he would like to know when it will go out for bid. He also asked if the current plant would be removed prior to the bid.

Mr. Martin asked Mr. Ramirez to speak with Bob Rhoades after the meeting. Mr. Gary Franzella will be handling the bid.

\* \* \*

I. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

J. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.



The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding settlement of litigation entitled Sonia Acosta v. City and County of San Francisco, et al San Francisco Superior Court Case No. 186573; and, Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:32 A.M. and the closed session began.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:40 A.M. The Commission voted unanimously to disclose approval of the settlement of litigation entitled Sonia Acosta v CCSF.

No. 02-0065

\* \* \*

#### E. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Mazzola asked if there were other avenues that could be found to keep the Medical Clinic open.

Mr. Martin responded that Catholic Healthcare West (CHW) has an affiliate hospital in San Mateo County, Sequoia Hospital, and has expressed an interest in running the Medical Clinic. This agreement would not provide for a subsidy from the Airport but would guarantee that our employees would be sent to them for workers compensation, hearing testing, etc. CHW has lost its contract with Seton and does not have a presence in Northern San Mateo County.

The space will be provided rent free and they will be able to use the medical equipment free of charge.

When the clinic began operation in the late 1960s Dr. Smookler and his partners operated it as a for profit business with no subsidy from the Airport. In the mid 1980s the Airport needed to provide some subsidy because they had a large increase in costs. The Airport began purchasing equipment in the amount of about \$100,000 to \$200,000 a year. When Dr. Smookler decided to close down we contracted with U.C. and the subsidy was initially about \$2,500,000 a year. Our intention was to work with U.C. over time to either eliminate the subsidy or reduce it to a very small number. With CHW we were able to reduce the subsidy to \$1,400,000 a year. The Clinic staff believes it can get that number down to \$950,000 next year.

He spoke with CHW before Sequoia came into the picture and asked if they would be willing to split the loss, but they indicated that \$475,000 was too large a hit for them to take.



Commissioner Mazzola said that if Sequoia was to take it over rent free he hoped that we would be able to negotiate a good level of service. He asked if they would be subject to the Card check Rule.

Ms. Mara Rosales, Airport General Counsel, responded that they would be unless they were exempt.

Commissioner Mazzola asked if Sequoia was one of the hospitals the unions were having a problem with.

Commissioner Ito responded that they are signed up.

Commissioner Strunsky asked if there wasn't some way to advertise the availability of such a commercial venture.

Commissioner Ito asked if travel immunizations were being done in the clinic.

Mr. Martin responded that travel immunizations are being done. When we looked at paring down services, travel immunizations was not one of the services being considered. We looked at paring down primary care because it is so difficult to collect revenue from health care providers.

Workers compensation, emergency medicine and travel medicine were all areas we wanted to maintain.

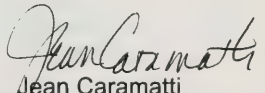
Commissioner Ito said that St. Francis Hospital has a clinic for foreign travelers referred to by hotels, and a working agreement for reimbursement.

Mr. Martin added that we should know this week whether Sequoia is interested.

\* \* \*

K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:48 A.M.

  
Jean Caramatti  
Commission Secretary



# SAN FRANCISCO AIRPORT COMMISSION



## MINUTES

April 2, 2002

9:00 A.M.

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**CARYL ITO**

**JOHN L. MARTIN**  
Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT  
SAN FRANCISCO, CALIFORNIA 94128





Minutes of the Airport Commission Meeting of  
April 2, 2002

| CALENDAR<br>SECTION | AGENDA<br>ITEM | TITLE                                                                                                              | RESOLUTION<br>NUMBER | PAGE |
|---------------------|----------------|--------------------------------------------------------------------------------------------------------------------|----------------------|------|
| A.                  |                | CALL TO ORDER:                                                                                                     |                      | 3    |
| B.                  |                | ROLL CALL:                                                                                                         |                      | 3    |
| C.                  |                | ADOPTION OF MINUTES:                                                                                               |                      |      |
|                     |                | Regular meeting of March 5, 2002                                                                                   | 02-0066              | 3    |
| D.                  |                | ANNOUNCEMENT BY SECRETARY:                                                                                         |                      | 3    |
| E.                  |                | SPECIAL ITEM:                                                                                                      |                      |      |
|                     | 1.             | Commendation for Recipient of the 2001<br>"William R. O'Brien Award for Employee<br>Excellence" to Elizabeth Silva | 02-0067              | 3-4  |
|                     | 2.             | Commendation for Recipients of the 2001<br>"Team Recognition Award"                                                |                      |      |
|                     |                | • License and Permit Bureau                                                                                        | 02-0068              |      |
|                     |                | • Maintenance Technical Support Team                                                                               | 02-0069              | 4-5  |
|                     | 3.             | Commendation for Marsha Givens on Behalf<br>of ABC Cigar Co., Inc. for 75 Years of<br>Service at SFO               | 02-0070              | 5    |
| F.                  |                | ITEMS INITIATED BY COMMISSIONERS:                                                                                  |                      |      |
|                     |                | Airport Budget Hearing                                                                                             |                      | 6    |
| G.                  |                | ITEMS RELATING TO ADMINISTRATION,<br>OPERATIONS & MAINTENANCE:                                                     |                      |      |
|                     | 4.             | Airport Advertising Lease - Increase MAG for<br>Remainder of Term and Amend Yearly MAG<br>Adjustment Calculation   | 02-0071              | 6    |
|                     | 5.             | Approve Concession Support Program for<br>DFS Group L.P., and Travelex America, Inc                                | 02-0072              | 7    |
|                     | 6.             | Contract 8136A - Explosive Detection Baggage<br>Inspection Machines for International Terminal                     |                      |      |
|                     |                | • Rescind Resolution No. 02-0015 Approving<br>Purchase of 11 EDS Machines from<br>InVision Technologies, Inc.      |                      |      |
|                     |                | • Authorize Purchase of Accessories & Dedicated<br>Maintenance - InVision Technologies, Inc.                       | 02-0073              |      |



|                                                                                                                                     |         |     |
|-------------------------------------------------------------------------------------------------------------------------------------|---------|-----|
| Award Contract 8136B -Explosive Detection<br>Baggage Inspection Machine Installation and<br>Infrastructure Changes - D.W. Nicholson | 02-0074 | 7-9 |
|-------------------------------------------------------------------------------------------------------------------------------------|---------|-----|

H. CONSENT CALENDAR OF ROUTINE  
ADMINISTRATIVE MATTERS:

|                                                                                                                                                                                                              |         |       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-------|
| 7. Modification No. 14 to Contract 5515C -<br>Security and Special Systems - Terminal<br>Systems - SASCO Electric                                                                                            | 02-0075 | 10    |
| 8. Modification No. 8 to Contract 5900CM -<br>Elevated & Surface Circulation Roadways &<br>Inbound/Outbound Ramps Professional Service<br>Agreement - Holmes & Narver/Arcost CPM<br>Group/F.E. Jordan Assoc. | 02-0076 | 10    |
| 9. Exercise First One-Year Option to Extend Term<br>of Turn-Key Public Communications Lease -<br>Pacific Bell                                                                                                | 02-0077 | 10    |
| 10. Exercise First One-Year Option for Garage Taxi<br>Staging Area Mobile Catering Truck Lease<br>A and B                                                                                                    | 02-0078 | 10-11 |
| 11. Approve Lease with U.S. Customs Service for<br>Office Space at West Field Cargo Building                                                                                                                 | 02-0079 | 11    |
| 12. Modification No. 1 to Oct. 17, 2000 Agreement<br>with County of San Mateo                                                                                                                                | 02-0080 | 11    |
| 13. Rental Credit to American TransAir                                                                                                                                                                       | 02-0081 | 11    |
| 14. Approve Quitclaim Recorded Noise Easements                                                                                                                                                               | 02-0082 | 11    |

I. NEW BUSINESS:

|                          |       |
|--------------------------|-------|
| American Airport Shuttle | 11-12 |
| Falun Gong               | 12-13 |

J. CORRESPONDENCE: 13

K. CLOSED SESSION:

|                                            |    |
|--------------------------------------------|----|
| Pending Litigation: CCSF v Scott Co. of CA | 13 |
| Potential Litigation                       | 13 |

L. ADJOURNMENT: 13



# AIRPORT COMMISSION MEETING MINUTES

April 2, 2002

## A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

\* \* \*

## B. ROLL CALL:

Present: Hon. Henry E. Berman, President  
Hon. Larry Mazzola, Vice President  
Hon. Michael S. Strunsky  
Hon. Linda S. Crayton  
Hon. Caryl Ito

\* \* \*

## C. ADOPTION OF MINUTES:

The minutes of the regular meeting of March 19, 2002 were adopted unanimously.

No. 02-0066

\* \* \*

D. ANNOUNCEMENT BY SECRETARY: In accordance with the Brown Act, Jean Caramatti, Commission Secretary announced unanimous adoption of Resolution No. 02-0065 regarding the settlement of litigation Sonia Acosta v. City and County of San Francisco, et al at the closed session of March 5, 2002.

\* \* \*

## E. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Ito and seconded by Commissioner Mazzola. The vote to approve was unanimous.

1. Commendation for the Recipient of the 2001 "William R. O'Brien Award for Employee Excellence" Elizabeth Silva

No. 02-0067 Resolution approving the presentation of the 2001 "William R. O'Brien Award for Employee Excellence" to Elizabeth Silva.



Mr. John Martin, Airport Director explained that the "William R. O'Brien Award for Employee Excellence" is a distinguished award given each year to an employee who has made exemplary contributions to the Airport as well as demonstrated outstanding performance and innovation in their work. Liz Silva, a Senior Management Assistant in the Information Technology and Telecommunications department, embodies these qualities. She has an outstanding relationship with staff throughout the Airport and works on a continuing basis to improve Airport efficiency and realize a savings. Liz helped the Airport realize an annual savings of \$300,000.

Mr. Martin congratulated Ms. Silva on receiving this award.

Ms. Silva said that it is an honor to have her work acknowledged, and thanked Mr. Martin and those who nominated her.

Item No. 2 was moved by Commissioner Mazzola and seconded by Commissioner Ito. The vote to approve was unanimous.

2. Commendation for the Recipients of the 2001 "Team Recognition Award"

Resolution approving the presentation of the "Team Recognition Award" to the License and Permit Re-badging Team and the Maintenance Technical Support Team.

No. 02-0058

License and Permit Re-badging Team:

|                   |                    |                  |                 |
|-------------------|--------------------|------------------|-----------------|
| Larry Horn        | Edward Lycett      | Paula Do         | Nhi Tran        |
| John Ondo         | Beatrice Hernandez | Zandra Olson     | Ronald Gonzales |
| Lorraine Bockmier | Aida Manslang      | Joseph Passanisi | Sabrina Lau     |
| Helen Chung       | Edita Consunto     | Elaine Christie  | Chris Del Fava  |
| Mary Murray       | Emmanuel Oblena    | Maria Balotro    | Antonio Borja   |

No. 02-0059

Maintenance Technical Support Team:

|                   |                    |                |                 |
|-------------------|--------------------|----------------|-----------------|
| Daniel McLaughlin | Chris Reyes        | Jack Bradley   | Joel Ventresca  |
| Bob Salomon       | Sean McKenna       | Arnel Bautista | Ray Bautista    |
| Tom Duggan        | Chi Wong           | William Ng     | Sebastian Ambra |
| Kevin Lew         | Maria Ang-Asuncion |                |                 |

Mr. Martin said that this new award recognizes teams that have contributed significantly to the success of the Airport.

Mr. Martin introduced Mr. Larry Horn of the License and Permit Bureau and Mr. Sebastian Ambra representing the Maintenance Team.

The License and Permit Bureau is receiving this award for the outstanding work they did in rebadging 30,000 employees within 15 days. This was an extraordinary effort.





The Maintenance Team was one of the many teams that contributed toward the successful activation of the International Terminal and the Master Plan facilities.

The Maintenance Technical Support Team provided quality assurance during different phases of activation. They worked closely with the Project Managers, Construction Managers and Duty Managers to evaluate timelines established by the Construction Managers and correct any inaccuracies.

These teams successfully completed over 20,000 activation and post activation punch list items.

Mr. Martin also recognized Ms. Gloria Louie and her team for putting together these new awards.

Item No. 3 was moved by Commissioner Mazzola and seconded by Commissioner Crayton. The vote to approve was unanimous.

3. Commendation for Marsha Givens on Behalf of ABC Cigar Co.,Inc. for 75 years of Service at San Francisco International Airport

|             |                                                                                                                                   |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------|
| No. 02-0060 | Resolution for Marsha Givens on behalf of ABC Cigar Company, Inc. for 75 years of service at San Francisco International Airport. |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------|

Mr. Martin explained that Marsha Givens' grandfather, Mr. Daniel Lehey opened the first concession at the Airport in 1927. ABC Cigar has been operating at the Airport for 75 years. Ms. Givens has been President of the company since 1982.

Ms. Givens introduced See's Candy to SFO and the airport environment. They are now present in 75 airport locations.

Ms. Givens has been a very successful entrepreneur in the Airport environment and she is interested in providing advice to small businesses. Hopefully, some of the small Airport businesses will continue to call on Ms. Givens for advice. He is sorry to see her retire but hoped that her daughters will bid on future Airport concessions.

Ms. Givens thanked Airport staff and management who have helped her for the past 20 years ... Ford Larsen, Eileen Silon, Dan Ravina, Gigi Ricasa, Sharon Perez, Patti Maitland, Teresa Rivor, Bob Rhoades and the Director. They have been a great support for her company. She has told other concessionaires, including See's management, to turn to Property Management for assistance when they have problems. They have always come through for her company.

She thanked the Commission for this commendation.

\* \* \*



F. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Crayton asked about the implications reductions in the upcoming budget will have on our level of service.

Mr. Martin responded that he will provide that information to the Commission.

Commissioner Ito asked if the Board of Supervisors is hearing the Airport's budget on April 16.

Mr. Martin responded that the Airport budget has been moved to a date in May.

\* \* \*

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Commissioner Strunsky was unanimously recused from voting on Item No. 4 on motion by Commissioner Mazzola and second by Commissioner Ito.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

4. Airport Advertising Lease - (1) Increase Minimum Annual Guarantee ("MAG") for the Remainder of the Term of the Airport Advertising Lease, and (2) Amendment to the Yearly MAG Adjustment Calculation

|             |                                                                                                                                                                                                  |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 02-0061 | Resolution approving (1) Increasing the Minimum Annual Guarantee ("MAG") for the Remainder of the Term of the Airport Advertising Lease, and (2) Amending the Yearly MAG Adjustment Calculation. |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Mr. Bob Rhoades, Deputy Director, Business and Finance said that by Resolution 02-0062 the Commission approved additional space for Clear Channel to provide advertising. This space is primarily in the baggage claim areas. This approval was predicated on a renegotiated MAG ... the MAG will be adjusted the second year to \$4,100,000, and up to the last year at \$4,800,000. This resolution also requests approval for the way in which the MAG is adjusted annually. Typically adjusted according to the CPI, the recommendation is for the MAG itself, or, the greater of the MAG or 85% of gross sales of the previous year.

Staff believes that as the advertising business recovers, hopefully over the next couple of years, it will be a revenue opportunity for the Airport.

Item No. 5 was moved by Commissioner Berman and seconded by Commissioner Ito. The vote to approve was unanimous.



5. Approving the Concession Support Program for DFS Group L.P. and Travelex America, Inc.

No. 02-0062

Resolution approving the terms and conditions for DFS Group L.P. and Travelex America, Inc. under the Concession Support Program.

Mr. Rhoades explained that by Resolution No. 02-0039 the Commission authorized the Director to implement the Airport Concession Support Program. The Duty Free/Duty Paid and Foreign Currency leases were not included in that resolution as negotiations were on-going at that time.

This resolution seeks approval to establish the percentage rent during the suspension of the MAG as well as approval to offer these two companies the same opportunity with the five year extension as was offered to the other retailers and food and beverage operators.

In the case of Duty Free, during the MAG suspension the rent would be pegged at 30% of gross receipts for the remainder of 2002.

Since the Duty Free and Foreign Exchange businesses are tied to the Asian economy, we probably will not see a recovery as quickly as we would see in some of the other businesses.

The Travelex contract called for either the MAG of \$4 million plus, or 88 cents per enplaned passenger. Staff is recommending that their rent be pegged at 88 cents per enplaned passenger.

Commissioner Ito asked if these modifications are consistent with what is happening throughout the country.

Mr. Rhoades responded that it is, particularly on the West Coast ... Hawaii, Los Angeles and San Francisco... where we are particularly reliant on the Japanese traveler.

If we were to reinstate the DFS MAG on the duty free portion ... 90% is duty free, 10% is duty paid ... they would be paying in excess of 70% of their gross receipts in rent.

Item No. 6 was moved by Commissioner Mazzola and seconded by Commissioner Ito. The vote to approve was unanimous.

6. Contract 8136A - Explosive Detection Baggage Inspection (EDS) Machines for the International Terminal

- Rescind Resolution No. 02-0015 Approving Purchase of 11 EDS Machines from InVision Technologies, Inc.
- Authorize Purchase of Accessories and Dedicated Maintenance - InVision Technologies - \$1,750,000

Award of Contract 8136B - Explosive Detection Baggage Inspection Machine



Installation and Infrastructure Changes - DW Nicholson - \$15,355,000

No. 02-0063

Resolution rescinding approval to purchase eleven (11) Explosive Detection Inspection System machines for the International Terminal from InVision Technologies, Inc. The machines are now being purchased directly by the Federal Government. The approved amount was \$19,300,000.

Approve purchase from InVision Technologies, Inc of the explosive detection baggage inspection machine accessories and dedicated maintenance specifically required for the International Terminal, contingent upon reimbursement by the Federal Government. The accessories and maintenance will be procured through a City Purchase Order Agreement. The estimated cost is \$1,750,000.

No. 02-0064

Resolution awarding Contract No. 8136B, Explosive Detection Baggage Inspection Machine Infrastructure and Equipment Installation work to D.W. Nicholson on a sole source basis, contingent upon the Federal Government reimbursing the Airport. The estimated cost is \$15,355,000.

Proposed funding sources are Security Equipment Integrated Product Team Program (SEIPT) and the Airport Improvement Program (AIP).

Mr. Ivar Satero, Manager, Bureau of Design and Construction explained that the first resolution rescinds award of Contract No. 8136A and authorizes the purchase of additional accessories and dedicated maintenance of the 11 machines we will be installing. This is contingent on Federal reimbursement of these funds.

The second resolution awards Contract No. 8136B as a sole course contract to D.W. Nicholson for the installation and infrastructure changes to accommodate the new EDS machines.

We are awaiting the finalized commitment for reimbursement.

The DBE goal established for the contract is 14%.

Commissioner Strunsky asked if this is a no cost issue to the Airport.

Mr. Jackson Wong, Chief Operating Officer, responded that 75% is AIP funding. We are awaiting a commitment for the installation costs. Our exposure at this time is 25% of installation costs using AIP funds.





Commissioner Ito understood that the Federal Government was reviewing the effectiveness of this equipment and was recommending another type of equipment.

Since we were the first airport to place an order does the new procedure impact what our priorities will be, or when we will get the equipment?

Mr. Satero responded that there is a confirmed delivery schedule of June and July.

Mr. Martin added that the modifications we are making will allow us to accommodate other baggage screening equipment that may be available at a later date.

Commissioner Crayton asked if any other airport is using this type of equipment.

Mr. Martin responded that no one else has an inline system ... our system is integrated into the baggage system. Checked baggage automatically goes through this machine.

Commissioner Strunsky said if our exposure is \$4 million, what is the likelihood of FAA reimbursement?

Mr. Martin said that reimbursement is a possibility and we will be pursuing it. Presently, the FAA does not have funding to reimburse installation costs. A supplemental appropriation is pending in Congress and hopefully some of that funding will be made available for this type of work.

Commissioner Crayton asked how sole source contracts incorporate M/WBE goals.

Mr. Satero responded that they have worked closely with the Airport's Outreach Office on this issue.

Commissioner Strunsky asked if we will meet Congressional requirements.

Mr. Martin responded that we will for the International Terminal.

Commissioner Strunsky asked about the domestic terminals.

Mr. Martin responded that it is pending. The airlines own those baggage systems and they are responsible for the modifications. They are waiting for a commitment for Federal funding.

Mr. Satero added that we will meet the deadline.

\* \* \*



Commissioner Crayton was unanimously recused from voting on Item No. 9 on motion by Commissioner Mazzola and second by Commissioner Ito.

The Consent Calendar, Item Nos. 1 through 15, was moved by Commissioner Ito and seconded by Commissioner Mazzola. The vote to approve was unanimous.

7. Modification No.14 to Contract No. 5515C - Security and Special Systems - Terminal Systems - SASCO Electric - \$361,271

No. 02-0065

Resolution approving Modification No.14 to Contract 5515C, Security and Special Systems - Terminal Systems, with SASCO Electric, in the amount of \$361,271, for a new total contract amount of \$63,249,347 for work related to design changes to facilitate construction. This will close out the contract.

Funding will be provided from Contract contingency and the costs have been included in the cost forecast presented to the Commission.

8. Modification No. 8 to Contract 5900CM - Construction Management Services for Elevated and Surface Circulation Roadways and Inbound and Outbound Ramps Professional Services Agreement - Holmes & Narver/Arcost CPM Group/F.E. Jordan Associates - \$92,724

No. 02-0066

Resolution approving Modification No. 8 to Contract 5900CM, Construction Management Services for Elevated and Surface Circulation Roadways and Inbound and Outbound Ramps Professional Services Agreement with Holmes & Narver/Arcost CPM Group/F.E. Jordan Assoc., increasing professional services fees in the amount of \$92,724 for a new contract value of \$22,231,724. Funding is available in the existing project budget, with no impact on the Master Plan Budget. This will close out the contract.

9. Exercise First One-Year Option to Extend the Term of the Turn-Key Public Communications Lease - Pacific Bell

No. 02-0067

Resolution approving the exercise of the first one-year option to extend the term of Pacific Bell's Turn-Key Public Communications Lease.

10. Exercise First One-Year Option for the Garage Taxi Staging Area Mobile Catering Truck Leases "A" and "B"



No. 02-0068

Resolution approving the first one-year option for the Garage Taxi Staging Area Mobile Catering Truck Lease "A" and "B".

11. Approval of Lease with United States Customs Service for Office Space at West Field Cargo Building

No. 02-0069

Resolution approving a lease with U.S. Customs Service for office space in West Field Cargo Building I and directing the Commission Secretary to request approval of the lease by the Board of Supervisors.

12. First Modification to the October 17, 2000 Agreement between the Airport Commission and the County of San Mateo - \$128,000

No. 02-0070

Resolution authorizing a reduction of \$64,000 in the January 1, 2002 and the January 1, 2003 payments to the County of San Mateo for consulting and professional services provided in support of the Airport/Community Roundtable. Total compensation for the three-year Agreement is reduced accordingly so as not to exceed \$638,500

13. Authorization to Issue a Rental Credit to American TransAir - \$175,000

No. 02-0071

Resolution authorizing the issuance of a rental credit to American TransAir in an amount not to exceed \$175,000 for the completion of repairs to the baggage handling system and jet bridges in Terminal 1 Boarding Area "B"

14. Approval of Quitclaim Recorded Noise Easements

No. 02-0072

Resolution approving the Quitclaim of Recorded Noise Easements as listed by the addresses in attachments A.

\* \* \*

I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period



of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Mr. Daniel Baker, attorney representing American Airport Shuttle, Inc. said that the Commission spent \$75,000 on a study performed by Pacific Traffic Management and their findings indicated that San Francisco has the finest share ride program of any major airport in the United States and most of Europe. It is very competitive and has good rates. They are providing an outstanding service.

The problem is that staff is proposing to have competitors control their business. Over the years there has been discrimination and preferential treatment in the curb operations. American Airport Shuttle has been assigned the Red Zone and that zone is being turned over to Lorries. Tony Ruiz of Lorries told the operators that the Airport said he can do anything he wants in the Red Zone.

ShuttlePort not only found discrimination, they found that Lorries was being allowed to loop. Now that the Red Zone is being turned back over to Lorries, the same conditions will exist.

The cost for Lorries to take over the Red Zone is \$486,000, and it will go up.

American Airport Shuttle proposes that ShuttlePort take over the Red Zone and the Yellow Zone. There should be one zone, one standard for all carriers, and one person running it.

Commissioner Berman asked Mr. Baker if he has discussed this with Airport staff.

Mr. Baker responded that he has however, they have already made up their minds.

Mr. Martin said that staff will be holding a hearing at the Airport on door-to-door service. Commissioner Crayton, who has attended these meetings in the past, will be invited to attend this one.

Commissioner Ito said that the information she has does not indicate that it will go to Lorries or ShuperShuttle, but rather to a collaborative group.

Mr. Martin said that this will be an open process with possibly a consortium of operators coming together. We hope we will see that kind of competition.

Mr. Baker said that he was concerned about the interim.

Mr. Martin said that he will report back to the Commission after the hearing.

Mr. Mr. Liping Yang said that he practices Falun Gung. It is a practice of meditation and exercises with teachings based on principles of truthfulness, and forbearance. It was taught for thousands of years in private until brought to the public in 1982. Its followers are being persecuted in China.

Commissioner Berman interrupted Mr. Yang and told him that this was not within the jurisdiction of the Airport Commission and should more appropriately be brought to the





Board of Supervisors.

Mr. Steve Ispas said that he wanted to address the Commission on the same subject matter and explained that he was asking for the opportunity to hand out fliers to the Chinese going back to China.

Mr. Martin suggested Mr. Ispas speak with Mr. Larry Horn, who is in charge of the Airport's License and Permit Bureau, in order to obtain a permit for the free speech booth. The free speech booths are the only locations in the Airport from which leaflets can be handed out.

\* \* \*

J. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

K. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:55 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled CCSF v Scott Company of California et al, Santa Clara Superior Court No. 787323; and, Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

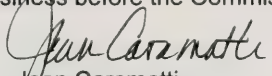
Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 10:44 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

\* \* \*

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:45 A.M.

  
Jean Caramatti  
Commission Secretary



# SAN FRANCISCO AIRPORT COMMISSION



## MINUTES

April 16, 2002

9:00 A.M.

✈ ROOM 400 - CITY HALL  
400 VAN NESS AVENUE  
CITY AND COUNTY OF SAN FRANCISCO

**WILLIE L. BROWN, JR., MAYOR**

## COMMISSIONERS

**HENRY E. BERMAN**  
President

**LARRY MAZZOLA**  
Vice President

**MICHAEL S. STRUNSKY**

**LINDA S. CRAYTON**

**CARYL ITO**

**JOHN L. MARTIN**  
Airport Director

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Minutes of the Airport Commission Meeting of  
April 16, 2002

| CALENDAR AGENDA |      | RESOLUTION                                                                                                                       |                                              |
|-----------------|------|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| SECTION         | ITEM | TITLE                                                                                                                            | PAGE                                         |
| A.              |      | CALL TO ORDER:                                                                                                                   | 3                                            |
| B.              |      | ROLL CALL:                                                                                                                       | 3                                            |
| C.              |      | ADOPTION OF MINUTES:                                                                                                             |                                              |
|                 |      | Regular meeting of April 2, 2002                                                                                                 | 02-0083 3                                    |
| D.              |      | ITEMS INITIATED BY COMMISSIONERS:                                                                                                | 3                                            |
| E.              |      | ITEMS RELATING TO ADMINISTRATION,<br>OPERATIONS & MAINTENANCE:                                                                   |                                              |
|                 | 1.   | Precision Runway Monitor (PRM) Program                                                                                           | 02-0084 3-4<br>02-0085<br>02-0086<br>02-0087 |
|                 | 2.   | Modification No. 17 to Contract 5510E -<br>Boarding Area General Construction - Hensel<br>Phelps Construction Co.                | 02-0088 4-5                                  |
|                 | 3.   | Addendum No. 2 to Luggage Cart Lease and<br>Operating Agreement - Smarte Carte, Inc.                                             | 02-0089 5                                    |
|                 | 4.   | Authorization to Issue a Request for Qualifications<br>for Third Party Redevelopment of the West<br>Field Cargo Area             | 02-0090 5-8                                  |
|                 | 5.   | Trip Fee Reduction for Scheduled Transit<br>Operations and Door-to-Door Van Operations<br>Assigned to Red and Blue Loading Zones | 8                                            |
| F.              |      | CONSENT CALENDAR OF ROUTINE<br>ADMINISTRATIVE MATTERS:                                                                           |                                              |
|                 | 6.   | Declaration of Passenger Facility Charge Monies<br>as "Revenues:                                                                 | 02-0091 8-9                                  |
|                 | 7.   | Authorization to Accept Additional \$3,503,877<br>in AIP Funds                                                                   | 02-0092 9-10                                 |
|                 | 8.   | Award of North Terminal Concourse Ties,<br>Scarves, and Accessories Store Lease - Tie<br>Rack (US) Inc.                          | 02-0093 10                                   |



|     |                                                                                                                                                                                                                               |         |       |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-------|
| 9.  | Award of Lease of Operate a Coffee Kiosk in<br>Rental Car Center - H. Young Enterprises, Inc.                                                                                                                                 | 02-0094 | 10    |
| 10. | Reimbursement to SFOTEC for Staffing of Lobby<br>Explosive Detection Systems                                                                                                                                                  | 02-0095 | 10    |
| 11. | Extend Commercial Paper Issuing and Paying<br>Agent Agreement for a Period of One Year                                                                                                                                        | 02-0096 | 10    |
| 12. | Bid Call - Contract 4177A - North Access Road<br>Spur Trail                                                                                                                                                                   | 02-0097 | 10-11 |
| 13. | Revised Supplemental Appropriation of Airport<br>Narcotics Forfeiture Fund                                                                                                                                                    | 02-0098 | 11    |
| G.  | PUBLIC HEARING:                                                                                                                                                                                                               |         |       |
| 14. | Authorization to Impose Fine Schedule for<br>Violations of Airport Rules and Regulations for<br>Airport Tenant Improvement Guide and<br>Amendment to Airport Tenant Improvement<br>Guide to Impose the Proposed Fine Schedule | 02-0099 | 11    |
| H.  | NEW BUSINESS:                                                                                                                                                                                                                 |         |       |
|     | Door-to-Door Vans - Red Zone                                                                                                                                                                                                  |         | 12    |
|     | Proposal for Runway                                                                                                                                                                                                           |         | 12    |
| I.  | CORRESPONDENCE:                                                                                                                                                                                                               |         | 12    |
| J.  | CLOSED SESSION:                                                                                                                                                                                                               |         |       |
|     | Potential Litigation                                                                                                                                                                                                          |         | 12    |
| K.  | ADJOURNMENT:                                                                                                                                                                                                                  |         | 12    |





# AIRPORT COMMISSION MEETING MINUTES

April 16, 2002

## A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

\* \* \*

## B. ROLL CALL:

Present: Hon. Henry E. Berman, President  
Hon. Michael S. Strunsky  
Hon. Linda S. Crayton  
Hon. Caryl Ito

Absent: Hon. Larry Mazzola, Vice President

\* \* \*

## C. ADOPTION OF MINUTES:

The minutes of the regular meeting of April 2, 2002 were adopted unanimously.

No. 02-0083

\* \* \*

## D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

\* \* \*

## E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

### 1. SFO Precision Runway Monitor (PRM) System

No. 02-0084 Resolution amending agreement with FAA to provide for reduction of Airport payment to Raytheon in the amount of \$6,000,000.

No. 02-0085 Resolution amending agreement with Raytheon to reduce Airport liability for direct payments by \$6,000,000 by deleting scope, substituting FAA



as directly responsible party for such payment, or assigning portion of contract with Raytheon to FAA.

No. 02-0086                      Approve transfer of ownership portion of certain property components of PRM system to the U.S. Government (FAA).

No. 02-0087                      Resolution authorizing execution of Lease with the U.S. Government for PRM site.

Mr. John Costas, Chief of Staff explained that this item consists of four actions regarding the procurement and installation of the PRM. The actions include modifications to the Agreement between SFO and the FAA, and SFO and Raytheon. The effect of the modifications is a reduction of \$6 million in the Airport's obligation. The other two actions transfers support equipment to the FAA and provide the FAA with a standard lease of the premises so that the PRM/SOYA system can operate.

Installation was completed last August and Raytheon tested the PRM through March. The FAA has been testing and conducting training on the system and anticipates completion in June. BAYTRACON moves to Sacramento this summer and expects the system to be operational by the last half of this year.

Commissioner Strunsky asked if the pilots will fly it.

Mr. Costas responded that we believe they will. There has been great movement and agreement with ALPA on most of the issues that were of concern early on. One item still of concern deals with training foreign pilots.

Commissioner Strunsky asked how this affects our balance sheet. How do we carry this and make it work at the end of the year with respect to our reimbursement from the airlines?

Mr. Costas responded that information will be provided to the Commission on how we will account for the transfer of the asset.

Item No. 2 was moved by Commissioner Berman and seconded by Commissioner Crayton. The vote to approve was unanimous.

2.        Modification No. 17 to Contract 5510E - Boarding Area A General Construction - Hensel Phelps Construction Co., Inc. - \$295,032 (Final Closeout Modification)

No. 02-0088                      Resolution approving Modification No. 17 to Contract 5510E, Boarding Area 'A' General Construction, with Hensel Phelps Construction, in the amount of \$295,032, for a new total contract amount of \$124,983,160 for final contract closeout. Funding source is the project budget.



Mr. Ivar Satero, Deputy Director, Bureau of Design and Construction explained that this is a final close-out modification and provides for the final reconciliation of allowances. It also provides for the final costs of time related impacts for Honeywell, the only sub that was not addressed in the previous modification.

At bid, the HRC accepted the low bidders submitted HRC participation levels of 12.3% MBE and 2.2% WBE. The contractor, through the modification, will have achieved 10.8% MBE and 2.3% WBE.

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

3. Addendum No. 2 to the Luggage Cart Lease and Operating Agreement - Smarte Carte, Inc.

No. 02-0089

Resolution approving Addendum No. 2 to the Smarte Carte Luggage Cart Lease and Operating Agreement requiring Board of Supervisors' concurrence to the Airport Commission's exercise of option periods.

Mr. Bob Rhoades, Deputy Director, Business and Finance explained that in November 2001 the Commission approved award of the Luggage Cart Agreement to Smarte Carte Inc. In March 2002 the contract was modified to increase the percentage rent the Airport would receive and to cap the free cart program.

Due to the terms of the contract Board of Supervisors approval is required. This item was brought before the Finance Subcommittee of the Board of Supervisors and the Subcommittee gave conditional approval to move to the full Board. This modification addresses the condition that the Finance Committee placed on this contract ... that if the Commission approves the one year options after the five year term, the option would have to go back to the Board of Supervisors for approval.

Commissioner Ito asked if this will be held up in the Finance Committee until approved by the Commission.

Mr. Rhoades responded that it has been moved to the full Board, but this condition still needs to be approved.

Item No. 4 was moved by Commissioner Strunsky and seconded by Commissioner Crayton. The vote to approve was unanimous.

4. Authorization to Issue a Request for Qualifications (RFQ) for Third Party Redevelopment of the West Field Cargo Area

No. 02-0090

Resolution authorizing the issuance of an RFQ



for Third Party Redevelopment of the West Field  
Cargo Area.

Mr. Rhoades explained that the West Field Cargo area houses three of our older facilities, with an average age of about 35 years. The Airport recently completed two cargo facilities ... one in the West Field and one in the North Field. The Airport now desires to redevelop the West Field Cargo area for future cargo growth as well as to accommodate existing cargo needs.

In order to preserve future debt capacity, the staff seeks approval to proceed toward securing a third party developer to finance and do the project.

Developers must be able to demonstrate the following qualifications: (1) secured financing for a project of at least \$20 million in design and construction within the last five years, (2) designed and developed at least three cargo complexes, with at least one totaling over 200,000 sq. ft. in warehouse space in the last 10 years, and (3) designed and developed a cargo facility at one of the top 20 cargo airports in North America in the past five years.

On March 27 the Airport held an informational meeting regarding this project. The meeting was well attended. There seems to be a tremendous amount of interest in the project.

Staff will return with the RFP, including the terms and conditions necessary to make the project successful, while at the same time maintaining Airport control.

Commissioner Berman asked if we had an estimate of the cost.

Mr. Rhoades responded that it will be between \$35-\$40 million.

Commissioner Berman asked how we will be reimbursed.

Mr. Rhoades responded that the Airport will be paid rent and fees. The minimum guarantee fee is \$5.5 million a year, plus land rent. Our reimbursement for use of the property will come from the fee structure.

Commissioner Strunsky asked if this will have to go before the Board of Supervisors.

Mr. Rhoades responded that it will.

Commissioner Strunsky said that since the Board is micromanaging, what can we do to get tentative approval before we do design work and then find that they don't like the idea.

Mr. Peter Nardoza, Deputy Director, Public Affairs said that there has been some concern expressed by the Chairman and members of the Finance Committee over all major department capital improvement programs. Late last week he and other members of Airport staff met with Supervisor Peskin's staff and at this point they are considering a proposal whereby when a major project







is placed on the Airport's Five Year Capital Improvement Plan that project would go before the Finance Committee in very bare form for an initial approval by the Committee. That would then give the Department an indication that the Committee expects to see it back and expects to see it affirmatively. The concern expressed is that the Airport and other large Departments come to the Finance Committee after all this work has been done and it is the very first time that the Finance Committee sees it. They believe they should be setting policy much earlier in the game.

Mr. Costas added that the most the Board of Supervisors would be able to provide at that time would be a conceptual approval, not a tentative approval.

Commissioner Strunsky said that to effectively bid this job developers will have to invest a significant amount of money and this Commission has been reliable in understanding the needs of the Airport and its financial structure. He is concerned that we will lose the advantage of true competition among the developers unless we can give them some assurance that in concept the Board of Supervisors is willing to have a third party developer on the Airport and that the Board of Supervisors thinks that we need a West Field Cargo development. He suggested that as we pass this resolution we go before the Finance Committee, tell them what we are doing and obtain input from them before we send out for competitive bid.

Mr. Costas agreed with Commissioner Strunsky's suggestion but said that we also need to assess the current situation that has developed regarding the interaction between the Board and the Commission.

Ms. Mara Rosales, Airport General Counsel commented that the Finance Committee is only three members of the eleven member Board of Supervisors, and six votes are necessary to carry an action. The Board has the power of inquiry and it is a prudent course to develop continuing dialogue with the Committee about these matters. However, she does not think it appropriate to say that if the Finance Committee approves an action, the Board of Supervisors has approved the action.

Commissioner Strunsky felt that developers will take this information with concern.

Commissioner Ito agreed with Commissioner Strunsky. We don't have any choice but to keep the lines of communication open and keep the Board as informed as possible. We also need to give them the kind of advice Commissioner Strunsky alluded to. All of this back and forth has cost the City a lot of money. While some of it has to do with a learning curve, the Board needs to understand the impact some of these constraints have on the business community. At this point we are not very business friendly.

Commissioner Crayton asked if Supervisor Peskin is under the impression that we have an agreement with him regarding the process.

Mr. Nardoza responded that last Friday afternoon Airport staff and Supervisor



Peskin's staff agreed that this could be the best way to go. There is nothing right now in the Administrative Code that gives the Board of Supervisors this pre-approval process. He believes that this could be something Supervisor Peskin would like to see happen.

The problem we face is the amount of work the Budget Analyst does on each and every item appearing before the Finance Committee. We have 30 and 40 page Budget Analyst reports on \$500,000 contracts. The Budget Analyst tends to raise all of these issues and that is when the free fall begins.

Mr. Kone of our Finance staff indicated to the Supervisor's staff that if we were to go for this pre-approval process the Budget Analyst would not be in a position to do one of his in depth analysis. When a project goes on the Five Year Capital Plan it is basically a concept that may or may not have a number attached to it. Mr. Rose and his staff will not be able to look at man hours and overhead costs at that time.

Item No. 5 was removed from the calendar.

5. Trip Fee Reduction for Scheduled Transit Operations and Door-to-Door Van Operations Assigned to Red and Blue Loading Zones

Resolution approving trip fee reduction for scheduled transit and door-to-door van operations assigned to the Red and Blue loading zones to \$2.00 from \$2.75 and \$3.25 respectively, effective May 1, 2002 to reflect reductions in the Curbside Management Program.

\* \* \*

F. **CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:**

Item No. 6 was moved by Commissioner Crayton and seconded by Commissioner Ito. The item was approved by a 3-1 vote, with Commissioner Strunsky casting the dissenting vote.

Item Nos. 7 through 13, were moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

6. Declaration of Passenger Facility Charge (PFC) Monies as "Revenues" - \$18.8 Million

No. 02-0091

Resolution designating \$18.8 million of Passenger Facility Charge revenues from PFC application No. 2 for payment of debt service on bonds issued for International Terminal Common Use Equipment in Fiscal Year 2001/02.



Commissioner Strunsky said that he was very troubled by this. He was opposed to the PFC when it was adopted but compromised at the time because the PFC was to be used only for pre-construction work on the Airfield Development Program for the new runway.

Mr. Rhoades explained that PFC#1 was earmarked for reimbursement to the Airport for the costs associated for the preliminary work with Airfield Development in the amount of about \$113 million.

PFC #2 specifically earmarked a portion of those proceeds to go for the reimbursement of eligible projects under the Master Plan of which the Common Use Terminal Equipment is a portion. The rationale in part was due to the financial and business conditions that were facing us. We were very concerned that the high costs for international foreign flag carriers operating in the new International Terminal would create a further erosion of air services. PFC #2 was in part designated to absorb the debt services associated with the International Terminal Common Use Equipment fees in order to make it more economical for our foreign flag carriers; it was not intended to take away from funding for the Airfield Development Project. In the future there will be a full assessment of the Airport's debt capacity, our ability to handle the project, and how many other resources we may require to complete the runway redevelopment, including some form of federal grant.

We believe we are following the Commission's desires on PFC #1 and on PFC #2 to handle the current economic situation.

Under the Master Bond Resolution of 1991 the Commission has to declare that this money is revenue, otherwise it can't be used in that sense.

Commissioner Strunsky commented that when the airlines reach their goals, we should no longer subsidize them.

Mr. Rhoades responded that if the Airport rebounds fully on the revenue side, meaning we can significantly reduce the landing fees and the terminal rental rates which have risen astronomically over the last few years, there is room to look at it from a different point of view. At this point in time, the landing fees and terminal rental rates are among the highest in the United States. It is one thing for our big domestic carriers, it is quite another for the smaller ones. This needs to be revisited in the future.

7. Authorization to Accept Additional \$3,503,877 in AIP Funds

No. 02-0092

Resolution authorizing the Director to accept and expend a grant offered under the auspices of the FAA and the Transportation Security Act, from the Department of Transportation in the amount of \$3,503,877, and directing the Commission Secretary to request approval of acceptance and expenditure of this grant by the Board of





Supervisors.

8. Award of North Terminal Concourse Ties, Scarves and Accessories Store Lease - Tie Rack (U.S.), Inc - \$52,500  
  
No. 02-0093                      Resolution awarding the North Terminal Concourse Ties, Scarves and Accessories Store Lease to Tie Rack (U.S.), Inc. with a Minimum Annual Guarantee of \$52,500
  
9. Award of Lease to Operate a Coffee Kiosk in the Rental Car Center - H. Young Enterprises, Inc. - \$17,500  
  
No. 02-0094                      Resolution awarding a Lease to Operate a Coffee Kiosk in the Rental Car Center to H. Young Enterprises, Inc., with a Minimum Annual Guarantee for the first year of \$17,500.
  
10. Reimburse San Francisco Terminal Equipment Company, LLC (SFOTEC), for Staffing of Lobby Explosive Detection Systems (EDS) - \$181,141  
  
No. 02-0095                      Resolution authorizing a reimbursement to San Francisco Terminal Equipment Company, LLC (SFOTEC), in an amount not-to-exceed \$181,141 to staff the Lobby Explosive Detection Systems (EDS) between January 1 - May 31, 2001 due to installation and implementation delays with the Radio Frequency Identification System.
  
11. Extend Commercial Paper Issuing and Paying Agent Agreement for a Period of One Year - J.P. Morgan Chase Bank - \$15,000  
  
No. 02-0096                      Resolution authorizing extension of the Commercial Paper Issuing and Paying Agent Agreement with J.P. Morgan Chase Bank for a period of one year, from March 31, 2002 to March 31, 2003, and increasing the amount by \$15,000.
  
12. Bid Call - Contract No. 4177A - North Access Road Spur Trail  
  
No. 02-0097                      Resolution approving the scope, budget, and schedule for Airport Contract No. 4177A, North Access Road Spur Trail, as required by regulatory agency agreements, and authorizing the Director to call for bids when ready.





Commissioner Ito asked if we are mandated to complete this within a certain time frame.

Mr. Eavis responded that this is part of the mitigation agreement for the Master Plan.

13. Revised Supplemental Appropriation of Airport Narcotics Forfeiture Fund - \$788,779

No. 02-0098                      Resolution approving a revised supplemental appropriation of the Airport Narcotics Forfeiture Fund in the amount of \$788,779.

\* \* \*

G. PUBLIC HEARING:

The public hearing was convened at 9:38 A.M. and adjourned at 9:41, there being no requests from the public to speak.

14. Authorization to Impose Fine Schedule for Violations of the Airport Rules and Regulations for the Airport Tenant Improvement Guide and the Amendment to the Airport Tenant Improvement Guide to Impose the Proposed Fine Schedule

No. 02-0099                      Resolution approving a fine schedule for violations to Airport Rules and Regulations for the Airport Tenant Improvement Guide and amending the Tenant Improvement Guide to impose the proposed fine schedule. The proposed fine schedule will be applied, when applicable, to any individual, firm, or corporation who fails to comply with Airport Rules and Regulations as stated in the Airport Tenant Improvement Guide.

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance explained that this fine schedule, which is based on the California Building Code, is to deter negligent, unsafe, and illegal activities by individuals or corporations while performing construction at the Airport.

Actions to be fined will be working without a permit, unsafe construction, code defiance, occupancy without a certificate of occupancy, or unauthorized shutdown of Airport utilities.

The fines are based on the low end of the Building Code Fines for communities surrounding the Airport. The purpose of these fines is to deter these activities. They are not intended to be a new source of revenue.

\* \* \*



H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Ms. Kathleen McCann, American Airporter Shuttle appealed to the Commission for consideration and assistance with the Red Zone for the door-to-door shuttle vans, and asked that supervision of the Red Zone not be turned over to Lorries.

Mr. Costas explained that this item was put over to facilitate further discussion with Landside regarding the issues she raised.

Mr. Patrick Gorman addressed the Commission on his idea for a floating runway. (See attached statement).

\* \* \*

I. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

J. CLOSED SESSION:

The Airport Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

\* \* \*

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:50 A.M.

  
Jean Caramatti  
Commission Secretary



## The X-Float

Inventor: Patrick Henry Gorman 3d

### Fact

Many of the world's large cities and their airports are located adjacent to large bodies of water. As passenger and freight traffic increase, so to does the need for increased airport facilities, including runways to accommodate larger aircraft and increased traffic. Traditionally, land-use density around such cities' perimeter, with the attendant high costs that such relocation entail, or landfill into the adjacent body of water that is costly in time and money. Collaterally, both of these solutions generally increase undesirable noise over populated areas.

### The Premise

If the surface of the adjacent body of water could be used to enable the construction of airport facilities, particularly the runways, then expansion could be achieved without relocation or landfill in such a way that noise would be moved to an unpopulated area.

### The Problem

Tides, water currents, wave action, and wind all conspire to make the surface of large bodies of water unreliable and perilous as places to locate a safe and dependable landing surface.

### A Solution

The objective is to create a stable, reliable, and safe landing surface that can float on the water and also obviate the incapacitating effects of the tides, currents and weather and waves of all kinds. The X-Float achieves this solution .

In brief, the intact and stable runway is supported by pontoons, which float in the calm water of basins, which are moored. The walls of the basins provide a barrier between the contained calm basin water wherein all the pontoons float and the basin surrounding water activated by tide, current, wind, and wave.

A patent has been applied for this floatation system. Our patent attorneys advise that this is a new and novel solution to an important problem.

A Solicitation *PROJECT IS TO DESIGN, BUILD, & TEST A MODEL OF THE X-FLOAT. YOUR*  
The first step of this participation in this project would be to your advantage. It will make San Francisco the world leader in this new technology.

I will be happy to answer any questions.



# SAN FRANCISCO AIRPORT COMMISSION



## MINUTES

**Special Meeting**

**April 29, 2002**

**9:00 A.M.**

**DOCUMENTS DEPT.**

**MAY 23 2002**

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400 VAN NESS AVENUE  
CITY AND COUNTY OF SAN FRANCISCO**

**WILLIE L. BROWN, JR., MAYOR**

## COMMISSIONERS

**HENRY E. BERMAN  
President**

**LARRY MAZZOLA  
Vice President**

**MICHAEL S. STRUNSKY**

**LINDA S. CRAYTON**

**CARYL ITO**

**JOHN L. MARTIN  
Airport Director**

**SAN FRANCISCO INTERNATIONAL AIRPORT  
SAN FRANCISCO, CALIFORNIA 94128**





Minutes of the Airport Commission Special Meeting of  
April 29, 2002

| CALENDAR<br>SECTION | AGENDA<br>ITEM | TITLE                                                                                              | RESOLUTION<br>NUMBER | PAGE |
|---------------------|----------------|----------------------------------------------------------------------------------------------------|----------------------|------|
| A.                  |                | CALL TO ORDER:                                                                                     |                      | 2    |
| B.                  |                | ROLL CALL:                                                                                         |                      | 2    |
| C.                  |                | ITEMS INITIATED BY COMMISSIONERS:                                                                  |                      | 2    |
| D.                  |                | ITEMS RELATING TO ADMINISTRATION,<br>OPERATIONS & MAINTENANCE:                                     |                      |      |
|                     | 1.             | Authorization to accept and Expend a<br>\$5,291,558 Grant Offered under the<br>Auspices of the FAA | 02-0100              | 2    |
| E.                  |                | NEW BUSINESS:                                                                                      |                      | 2    |
| F.                  |                | CLOSED SESSION:                                                                                    |                      |      |
|                     |                | Potential Litigation                                                                               |                      | 3    |
| G.                  |                | ADJOURNMENT:                                                                                       |                      | 3    |



# AIRPORT COMMISSION SPECIAL MEETING MINUTES

April 29, 2002

## A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:02 AM in Room 408, City Hall, San Francisco, CA.

\* \* \*

## B. ROLL CALL:

Present: Hon. Henry E. Berman, President  
Hon. Larry Mazzola, Vice President  
Hon. Michael S. Strunsky

Absent: Hon. Linda S. Crayton  
Hon. Caryl Ito

\* \* \*

## C. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

\* \* \*

## D. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commission Strunsky and seconded by Commissioner Berman. The vote to approve was unanimous.

1. Authorization to Accept and Expend a \$5,291,558 Grant Offered under the Auspices of the FAA.

No. 02-0100

\* \* \*

## E. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

\* \* \*



F. CLOSED SESSION:

The Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

\* \* \*

G. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:03 A.M.

  
Jean Caramatti  
Commission Secretary



# SAN FRANCISCO AIRPORT COMMISSION



## MINUTES

May 7, 2002

9:00 A.M.



ROOM 400 - CITY HALL  
400 VAN NESS AVENUE  
CITY AND COUNTY OF SAN FRANCISCO

**WILLIE L. BROWN, JR., MAYOR**

## COMMISSIONERS

**HENRY E. BERMAN**  
President

**LARRY MAZZOLA**  
Vice President

**MICHAEL S. STRUNSKY**

**LINDA S. CRAYTON**

**CARYL ITO**

**JOHN L. MARTIN**  
Airport Director

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Minutes of the Airport Commission Meeting of  
May 7, 2002

| CALENDAR AGENDA |      | RESOLUTION                                                                                                                                                                                     |         |       |
|-----------------|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-------|
| SECTION         | ITEM | TITLE                                                                                                                                                                                          | NUMBER  | PAGE  |
| A.              |      | CALL TO ORDER:                                                                                                                                                                                 |         | 3     |
| B.              |      | ROLL CALL:                                                                                                                                                                                     |         | 3     |
| C.              |      | ADOPTION OF MINUTES:                                                                                                                                                                           |         |       |
|                 |      | Regular meeting of April 16, 2002 and<br>Special meeting of April 29, 2002                                                                                                                     | 02-0101 | 3     |
| D.              |      | ITEMS INITIATED BY COMMISSIONERS:                                                                                                                                                              |         |       |
|                 |      | TSA                                                                                                                                                                                            |         | 3-4   |
| E.              |      | ITEMS RELATING TO ADMINISTRATION,<br>OPERATIONS & MAINTENANCE:                                                                                                                                 |         |       |
|                 | 1.   | Modification No. 1 to Contract 8106 - Public<br>Parking Garage Facilities Operations<br>Agreement - AMPCO System Parking                                                                       |         | 7     |
|                 | 2.   | Modification No. 2 to Contract 5706A - Air<br>Train Domestic Terminal Stations - Dennis<br>J. Amoroso Construction                                                                             | 02-0102 | 8     |
|                 | 3.   | Trip Fee Reduction for Scheduled Transit<br>Operations and Door-to-Door Van Operations<br>Assigned to Red and Blue Loading Zones                                                               | 02-0103 | 8-10  |
| F.              |      | CONSENT CALENDAR OF ROUTINE<br>ADMINISTRATIVE MATTERS:                                                                                                                                         |         |       |
|                 | 4.   | Award Contract for Security Guard Services<br>A-1 Security Services                                                                                                                            | 02-0104 | 10-11 |
|                 | 5.   | Modification No. 4 to Professional Services<br>Contract 8026 - Harris, Miller, Miller,<br>Hanson, Inc.                                                                                         | 02-0105 | 11    |
|                 | 6.   | Authorization to Accept Bids for Automated<br>Teller Machine Leases                                                                                                                            | 02-0106 | 11    |
|                 | 7.   | Consent to Assignment - International<br>Terminal Food & Beverage Facility Lease<br>99-0292 - Steven Katsutoshi (Steve Fugi), a<br>Sole Proprietorship - dba Ebisu Restaurant -<br>Ebisu, Inc. | 01-0107 | 11    |



|    |                                                                                                                                    |     |
|----|------------------------------------------------------------------------------------------------------------------------------------|-----|
| G. | NEW BUSINESS:                                                                                                                      |     |
|    | Security Screeners                                                                                                                 | 4-7 |
| H. | CORRESPONDENCE:                                                                                                                    | 11  |
| I. | CLOSED SESSION:                                                                                                                    | 12  |
|    | Pending Litigation: Dillingham Construction v<br>CCSF<br>Deaf Consuling Advocacy<br>and Referral Agency v<br>SF Airport Commission |     |
|    | Potential Litigation                                                                                                               |     |
| J. | ADJOURNMENT:                                                                                                                       | 12  |



# AIRPORT COMMISSION MEETING MINUTES

May 7, 2002

## A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

\* \* \*

## B. ROLL CALL:

Present: Hon. Henry E. Berman, President  
Hon. Michael S. Strunsky  
Hon. Caryl Ito

Absent: Hon. Larry Mazzola, Vice President  
Hon. Linda S. Crayton

\* \* \*

## C. ADOPTION OF MINUTES:

The minutes of the regular meeting of April 16, 2002 and the special meeting of April 29, 2002 were adopted unanimously.

No. 02-0101

\* \* \*

## D. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Ito acknowledged Airport staff and thanked Mr. Duke Briscoe and Mr. Jackson Wong for their assistance during the airfield crash exercise recently held at the Airport.

Commissioner Ito felt that the unfortunate episode yesterday with the Security Screeners application process was a tremendous disservice to them and to the entire Airport operation. The Federal authorities need to pay more attention to this process and its impact on the Airport, its function and safety, and the personal lives and livelihoods of the employees affected.

She asked Mr. Martin to ... be sure that employees make this transition in the fairest and most expeditious way, to explore all of the avenues that have been suggested by the religious community and unions that have been in support of this effort. She questioned the fairness of a process that requires people to file on line, and, given the short 24 hour time frame, how that will result in finding the best people. This is a serious flaw.

Mr. Martin and our HR department have helped to facilitate the process by providing



Mr. Martin and our HR department have helped to facilitate the process by providing additional monitors to assist people in applying. The process is flawed and needs to be questioned. We also need an explanation as to what happened yesterday.

Mr. John Martin, Airport Director responded that a follow up report will be provided to the Commission. We are still trying to piece together what happened. This is something we keep experiencing with the TSA. A month ago they announced that the Argenbright contract would terminate on May 22. Employees were notified and a few weeks later they changed their minds. Given that the TSA did not have another contractor in place and we didn't want employees to loose their jobs, we encouraged the change.

With respect to the notice regarding employee applications, it was on the website as reported in the Chronicle this morning. Further, he was informed by a senior official from the TSA in Washington that May 6 would be the application date, and that information was confirmed by local TSA staff. We were never informed about a change in date. We will be formally expressing our concerns to the TSA and we will work to make sure that they give both the Airport and the screeners proper notice. He hoped the TSA will wait until they have acted on our opt out application.

He will also ask the TSA to hold off hiring until the fall because in the event our opt out application is rejected the additional time will provide the opportunity for screeners to become US citizens.

He has been in contact with the Immigration Director for Northern California who continues to express the view that most of the applications should result in screeners becoming citizens by August.

He will follow up with the Commission on the five points for which the Mayor has indicated his support.

\* \* \*

## G. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Ms. Ofelia Albrecht, All Souls Catholic Church in San Francisco and a member of the Bay Area Organizing Committee (BAOC) explained that the BAOC is made up of Churches, unions and civic associations in San Francisco and San Mateo Counties.

They appreciate Mr. Martin's leadership in implementing policies and programs that has made San Francisco Airport a national model for hiring, training, compensation and benefits for workers. These screeners truly impact the safety and security of travelers. He is to be commended for developing a stable and experience work force.





requirement does not apply to pilots, mechanics, fuelers, or the armed forces working behind the screeners. We are faced with the prospect of having trained and experienced workers replaced by workers with little or no experience at all.

Other airports look to SFO as the security model for the entire country. Now, more than ever, security at airports is critical.

On April 21<sup>st</sup> more than 900 BAOC members gathered in San Francisco to recognize the screeners and ask public officials to take action. Mayor Brown was there.

She asked the Commission to help save these jobs.

Of the 1200 screeners, approximately 480 are U.S. citizens. Those 480 employees face layoffs as well. The TSA was supposed to begin hiring yesterday. It was chaos. The TSA did not consider that some employees would not have access to computers. Mr. Martin had computers made available to screeners. The screeners wasted an entire day without pay waiting for an opportunity to apply. The TSA denied that they ever made such an announcement. The TSA does not care about the welfare of the screeners.

In the six airports where applications were being processed, those who have applied for citizenship were not given an opportunity to apply for positions. At SFO 100 screeners have applied for citizenship but the INS has refused to speed up approval so that the screeners can keep their jobs.

More than 500 screeners are legal permanent residents but are not yet eligible for citizenship. The TSA is making no allowance for job experience, competence or loyalty. The TSA clearly shows disregard to the workers value and their important contributions to provide Airport security.

She asked the Commission to take action.

The following people were introduced as supporters.

Father Roberto Andrea of St. Augustine's Catholic Church in So. San Francisco and the Co-Chair of BAOC.

Father Ken Weare, acting Pastor of All Souls Church in So. San Francisco.

Ms. Lizette Sioson, parishioner of St. Augustine's Church and member of the BAOC.

Ms. Erlinda Valencia, baggage screener with Globe Aviation Security for American Airlines.

Ms. Maria Aurora Rallonza, Globe Aviation Security employee and member of SEIU Local 790.

Mr. George Yen, St. Anne's Church of San Francisco and member of the BAOC.

Ms. Josie Mooney, Executive Director of SEIU Local 790, President of the Labor



Council and Co-Chair of BAOC.

Ms. Erlinda Valencia, said she came to American from the Philippines through her husband who is a US citizen.

When she started as an Airport screener she was earning \$4.25 an hour. In spite of the fact that the salary was too low to support her six children she still performed her job with sincerity and dedication, and was recognized with a promotion to supervisor and duty manager. She is currently working as a CTX screener. In the past two years she was able to detect a hand grenade, knives and loaded handguns.

She is a competent employee who will loose her job because she is not a citizen. A screener needs to be skilled, experienced and loyal. Citizenship has nothing to do with it.

Local 790, in conjunction with the BAOC, asked Mr. Martin to support them in waiving the citizenship requirement and support them with the INS to expedite the citizenship process.

Ms. Maria Aurora Rallonza said that she has worked for Globe for five years as a CTX operator. She applied for citizenship status on December 5, 2001. She is scheduled for a citizenship interview on May 16. She hoped that she would be a citizen by the time the TSA accepts applications.

She hoped that SFO will be exempted by the TSA.

Ms. Lizette Sioson read the attached five point proposal into the record. She asked the Commission to direct Mr. Martin to begin implementing the points in this proposal.

Ms. Josie Mooney thanked the Commission for being the most visionary Airport Commission in the country and in having the most visionary and competent Airport Director in the country.

Before these screeners were in her union they made \$6.00 an hour and had no vacation time, no breaks, no health, dental or vision plans. They had to work two to three jobs to keep food on the table. The Airport Commission single handedly made the difference in these workers lives.

If the Commission and the Director don't follow through with the points raised then everything done up to now will have been for nothing. They will be on the street, jobless in an economy that is in a declined state. They count on the Commission's continued support, vision and leadership on these issues. She thanked the Commission in advance for their assistance.

Father Ken Weare said that he was impressed by the discussion at the beginning of the meeting.

Commissioner Strunsky said that he was supportive of the basic idea of finding a way to keep our trained screeners employed.



Commissioner Ito thanked them for coming to the meeting. We need to be reminded of the lives that are being impacted. She commended the union for taking a leadership role and asked if they were getting support from their counterparts in other parts of the country.

Ms. Mooney responded that where the screeners are organized we are organizing. In many of the airports in the country they are not organized. Our international union has been looking for Republican sponsors for the bill without much luck. Everyone in the country is looking for the Commission's leadership to establish a standard to which everyone will be held.

Mr. Martin said that since September 11 he has publicly commented on the excellent job our screeners are doing. They have a long tenure at the Airport, in part because they are paid a decent wage and benefits. We no longer experience a high turnover rate. The Airport Commission and staff are supportive of trying to retain screeners as much as possible, given the constraints Congress has put in the Security Act.

The Commission will be provided with a recommendation and will continue to be very supportive of the screeners now working at the Airport.

Father Weare asked the Commission if they will direct Mr. Martin to act on implementing these proposals.

Commissioner Strunsky said that Mr. Martin has indicated that he will return to the Commission at the next meeting with an analysis and the Commission will decide which way to go.

Father Weare thanked the Commission for the opportunity to address them on this issue.

Commissioner Berman thanked the group for attending the meeting, especially the clergy, and for their noble endeavors. They have the Commissions blessings, if not their vote. He hoped the Commission had their blessings as well. Your comments will be well noted and acted on in due course, one way or another.

\* \* \*

#### E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was put over.

1. Modification No.1, to Contract No. 8106 - Public Parking Facilities Operating Agreement - AMPCO System Parking - \$13,511,493

Resolution approving Modification No.1 to Contract 8106, Airport Public Parking Facilities Operating Agreement with AMPCO System Parking reducing scope of work with a reduced annual cost not to exceed \$13,511,493, which reduces the management fee to \$1,438,443.





Item No. 2 was moved by Commission Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

2. Modification No. 2 to Contract No. 5706A - AirTrain Domestic Terminal Stations  
Dennis J. Amoroso Construction Co.,Inc. - \$1,455,000

No. 02-0102                      Resolution approving an increase to the construction contract in the amount of \$1,455,000 for a new contract value of \$31,173,855 for additional work for the domestic terminal AirTrain stations. Funds will be provided from the CIP budget and from the existing project budget with no impact to the Master Plan Budget.

Mr. Ivar Satero explained that this modification provides for several AirTrain facilities improvements in preparation for the opening of AirTrain later this year.

The MBE/WBE combined goal on this contract is 10.2%. This modification provides for 9.3% participation. Participation through this modification will be 8.2%.

Funding will come from project contingency and CIP funds.

Commissioner Strunsky noted that there is an implication that we are about \$2.8 million under budget yet this is not the final change order. Will we have this kind of an underrun?

Mr. Satero responded that the forecast shows an expenditure of the total budget because of the uncertainty still remaining, however, we have a high level of confidence with our budget.

Item No. 3 was moved by Commission Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Trip Fee Reduction for Scheduled Transit Operations and Door-to-Door Van  
Operations Assigned to Red and Blue Loading Zones

No. 02-0103                      Resolution approving trip fee reduction for scheduled transit and door-to-door van operations assigned to the Red and Blue loading zones to \$2.00 from \$2.75 and \$3.25 respectively, effective May 1, 2002 to reflect reductions in the Curbside Management Program.

Mr. Martin explained that earlier this year the Commission approved an amendment to the DAJA/ShuttlePort contract, reducing the scope of the contract by eliminating the service they provide at the curb for scheduled bus service and at the Red and Blue Zones for the vans. This modification to fees





charged to door-to-door van companies and scheduled bus companies is a reflection of the reduction in fees paid to DAJA for these services.

In 1999, prior to the DAJA/ShuttlePort contract, the per trip fee was \$1.45. While this represents an increase, it is only 40% of cost recovery so a subsidy is still being provided to the operators. Given the increased costs in opening the Master Plan facilities, this is an appropriate fee.

Super Shuttle will be providing service in the Blue Zone at their own cost. Lorries will provide the service in the Red Zone and will be reimbursed by the other operators. Super Shuttle and Lorries took over the operation on May 1.

Mr. Martin said that some of the operators were unhappy with the DAJA curb operation and they are pleased to have control again. Some operators have concerns about the increased costs.

Commissioner Ito noted that some operators are concerned about dispatching and asked who will watch over that part of the operation.

Mr. Martin responded that DAJA will watch over it to make sure that standards are maintained across the board.

Mr. Martin added that we need to do this to balance our budget.

Mr. Tony Ruiz of Lorries delegated his time to Julio Bonilla.

Mr. Bonilla said that the Airport Shuttle industry has been at ground zero of the economic impact of September 11. San Francisco Airport experienced a 33% reduction in flight activity. The few flights coming in and out were half empty. No passengers in the jetway translates to no passengers in the vans.

Unlike other modes of transportation that service the Airport, such as taxis and limousines, the shuttle industry depends solely on the airport passenger. During the months of October, November and December their passengers declined to almost half of what it should have been for that time of the year. January and February were no better.

In March, the Airport declared that it could no longer afford to have ShuttlePort/DAJA run the Curbside Management Program to the same degree on the lower level, and two of the zones on the upper level would be cancelled. The Airport asked Lorries to take over curbside management of the Red Zone.

Since that time Lorries has been in negotiations with the unions and the bottom line is that they have to take the ShuttlePort/DAJA employees that were working at the Red Zone at the same compensation package and pay rate that they had with ShuttlePort/DAJA. Consequently, the three operators at the Red Zone now pay \$39,000 a month to keep coordination services in place. Prior to September 11 we paid \$3.25 per trip to gain access to the Airport, and with it came the curb services provided by ShuttlePort/DAJA.



At \$3.25 per loop and 4,000 loops per month, it costs Lorries \$13,000 a month to operate at the Airport. Now that they have taken on the responsibility of managing the Red Zone their costs have gone up. The cost to operate the Red Zone is \$39,000 divided by the three operators ... BayPorter Express, American Airporter and Lorries ... comes to \$13,000 per month, which is equal to what was being paid before.

The Airport is now considering a loop fee reduction to \$2.00 and that would mean the 4,000 loop would cost Lorries an additional \$8,000 a month. They are going from \$13,000 with ShuttlePort to \$21,000 a month running it themselves and paying the \$2.00 loop fee.

Any further lowering of the loop fee would be very much appreciated.

Since Lorries took over the Red Zone operation in 1994, they have been very careful, honest and hard working. Many accusations were made, but none were proven to be valid. Recently, Airport staff conducted a study that showed that no operator at the Red Zone had ever been disadvantaged.

He promised to continue to operate with that standard of moral ethic. They have been at the Airport for 26 years and would like to be at the Airport for another 26 years.

Mr. Arik Sharabi, Airport Express, asked for fair treatment on the Yellow Zone. Lorries shares their zone with only one company going north. Airport Express shares the Yellow Zone with eight or nine companies.

Ms. Kathleen McCann, American Airporter Shuttle, operating out of the Red Zone, reiterated Mr. Bonilla's comments on the increased cost to the companies. She asked for a further reduction of the \$2.00 fee.

American Airporter is unhappy with an operator managing the Red Zone. Contrary to Mr. Bonilla's comments, there has been discrimination.

Commissioner Strunsky suggested looking at this with some regularity, and as traffic increases we consider revisiting this issue.

Mr. Martin said that a fee package will be submitted to the Commission in June that will address new loop fees across the board.

Commissioner Ito agreed with Commissioner Strunsky.

\* \* \*

#### F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 4 through 7, was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

#### 4. Award Contract for Security Guard Services - A-1 Security Services - \$250,000



No. 02-0104

Resolution awarding contract for Security Guard Services to A-1 Security Services in an amount not to exceed to \$250,000 effective upon contract certification through June 30, 2003 with an option to renew for an additional year to be executed by the Commission at its sole discretion in an amount not to exceed \$250,000 for services from July 1, 2003 through June 20, 2004.

Commissioner Ito asked if A-1 has a contract with the Airport.

Mr. Jackson Wong, Chief Operating Officer responded that they do not. It is an as-needed contract and will be used as a back up. It is not for a specific assignment. We are simply anticipating the potential for new regulations or new circumstances. It would be temporary until our own City guards could be brought in.

5. Modification No. 4 to Professional Services Contract 8026 - Harris, Miller, Miller, Hanson, Inc. - \$200,000

No. 02-0105

Resolution approving modification No.4 to Professional Services Contract No. 8026 with Harris, Miller, Miller, Hanson, Inc. for special low frequency noise EIR analysis of the Runway Modernization Program alternatives.

6. Authorization to Accept Bids for the Automated Teller Machine Leases

No. 02-0106

Resolution authorizing staff to accept bids for the Automated Teller Machines Leases.

7. Consent to Assignment of International Terminal Food and Beverage Facility Lease No. 99-0292 - Steven Katsutoshi (Steve Fuji), a Sole Proprietorship - dba Ebisu Restaurant - Ebisu, Inc.

No. 02-0107

Resolution consenting to the assignment of the New International Terminal Food and Beverage Facility Lease No. 99-0292 from Steven Katsutoshi (Steve Fuji), a sole proprietorship, dba Ebisu Restaurant, to Ebisu, Inc.

\* \* \*

#### H. CORRESPONDENCE:

There was no discussion by the Commission.



\* \* \*

I. CLOSED SESSION:

The Airport Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled Dillingham Construction, N.A. v City and County of San Francisco, San Mateo Superior Court No. 416236; and, Deaf Counseling Advocacy and Referral Agency et al v San Francisco Airport Commission et al, U.S. District Court No. C021844MEJ; and Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

\* \* \*

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:05 A.M.

  
Jean Caramatti  
Commission Secretary







# **Resolution to be Adopted by the San Francisco Airport Commission**

## **PROPOSAL**

- 1) The Airport Commission adopts the attached five-point proposal passed by the BAOC assembly on April 21, 2002 and endorsed by San Francisco Mayor Willie Brown, Daly City Mayor Mike Gingona and South San Francisco Mayor Gene Mullin.

## **IMPLEMENTATION**

- 2) The Airport Commission will set up a meeting the week of May 6 between new SFO Federal Security Director Chief Edward Gomez and leaders of the Bay Area Organizing Committee, including security screeners, to discuss these matters.
- 3) The Airport Commission will make an immediate appeal to Secretary of Transportation Norm Mineta requesting:
  - a) that the TSA adopt the five proposals with regard to SFO;
  - b) that the TSA postpone hiring of the new screeners at SFO until a determination has been made about SFO exemption from federalization and screeners who have applied for citizenship have time to complete the process;
  - c) that the application process be changed so we don't have a repeat of what happened at SFO on May 6.
    - Workers should be given more options than applying on-line.
    - Workers should be given at least 30-days notice of when the application will be posted.
    - The TSA should provide the necessary support to the workers and the appropriate resources to facilitate the current screeners application process.
- 4) The Airport Commission will request Senators Feinstein and Boxer, Congresswoman Nancy Pelosi and Congressman Tom Lantos to hold a hearing in the Bay Area on this matter as soon as it can be done; and that they communicate their support to Norm Mineta and the INS for the five proposals.
- 5) The Airport will give priority in hiring to laid-off screeners for any new jobs or contracted positions created at SFO, including new non-federal security guard positions that may be required of the Airport.
- 6) The Airport will provide office space for a center where screeners can go for information, and receive assistance in seeking new employment.
- 7) The Airport Commissioners will attend the meeting Mayor Brown agreed to set up with Secretary of Transportation Norm Mineta and leaders of BAOC.



## Bay Area Organizing Committee

### Five Point Proposal For Airport Baggage Screeners

1. *For the 480 screeners who are U.S. citizens:*
  - The TSA grant priority in hiring.
2. *For the 160 screeners who have applied for citizenship:*
  - The INS expedite the processing of the applications so these screeners can be rehired.
3. *For the 560 screeners who are not eligible for citizenship:*
  - The TSA hire as “provisional” employees experienced screeners who are legal permanent residents who sign a formal sworn declaration of intent to become a U.S. citizen.
4. *For the screeners who are laid-off:*
  - The state and federal governments provide funding for job training, job placement and supportive services for all screeners who are laid-off.
5. *Finally:*
  - The TSA grant San Francisco exemption from federalization under the Aviation Transportation Security Act, as requested by Mayor Willie Brown and Airport Director John Martin.



# SAN FRANCISCO AIRPORT COMMISSION



## MINUTES

**MAY 16, 2002**  
**SPECIAL MEETING**  
**8:30 A.M.**

 **ROOM 416 - CITY HALL**  
**400 VAN NESS AVENUE**  
**CITY AND COUNTY OF SAN FRANCISCO**

**WILLIE L. BROWN, JR., MAYOR**

## COMMISSIONERS

**HENRY E. BERMAN**  
President  
**LARRY MAZZOLA**  
Vice President  
**MICHAEL S. STRUNSKY**  
**LINDA S. CRAYTON**  
**CARYL ITO**

**JOHN L. MARTIN**  
Airport Director

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Minutes of the Airport Commission Special Meeting of  
May 16, 2002

| CALENDAR<br>SECTION | AGENDA<br>ITEM | TITLE                                                                                                                                   | RESOLUTION<br>NUMBER | PAGE |
|---------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------|----------------------|------|
| A.                  |                | CALL TO ORDER:                                                                                                                          |                      | 2    |
| B.                  |                | ROLL CALL:                                                                                                                              |                      | 2    |
| C.                  |                | CLOSED SESSION:                                                                                                                         |                      | 2    |
|                     |                | Pending Litigation: Dillingham Construction, NA<br>v CCSF<br>Deaf Counseling Advocacy<br>and Referral Agency v<br>SF Airport Commission |                      |      |
|                     |                | Potential Litigation                                                                                                                    |                      |      |
| D.                  |                | ADJOURNMENT:                                                                                                                            |                      | 2-3  |





# AIRPORT COMMISSION SPECIAL MEETING MINUTES

May 16, 2002

## A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 8:30 AM in Room 416, City Hall, San Francisco, CA.

\* \* \*

## B. ROLL CALL:

|          |                                    |
|----------|------------------------------------|
| Present: | Hon. Henry E. Berman, President    |
|          | Hon. Larry Mazzola, Vice President |
|          | Hon. Michael S. Strunsky           |
|          | Hon. Linda S. Crayton              |
|          | Hon. Caryl Ito                     |

\* \* \*

## C. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 8:30 A.M. and the closed session began.

The Airport Commission will convene its meeting and immediately go into Closed Session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled Dillingham Construction, N.A. v City and County of San Francisco, San Mateo Superior Court No. 416236; and, Deaf Counseling Advocacy and Referral Agency et al v San Francisco Airport Commission et al, U.S. District Court No. C021844MEJ; and Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

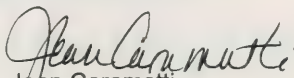
The Commission reconvened its public session at 10:17 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

\* \* \*

## D. ADJOURNMENT:

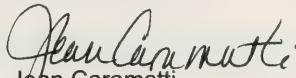


There being no further calendared business before the Commission the meeting adjourned at 10:18 A.M.

  
Jean Caramatti  
Commission Secretary

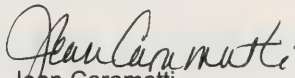


There being no further calendared business before the Commission the meeting adjourned at 10:18 A.M.

  
Jean Caramatti  
Commission Secretary



There being no further calendared business before the Commission the meeting adjourned at 10:18 A.M.

  
Jean Caramatti  
Commission Secretary





# SAN FRANCISCO AIRPORT COMMISSION



## MINUTES

May 21, 2002

9:00 A.M.

✈ ROOM 400 - CITY HALL  
400 VAN NESS AVENUE  
CITY AND COUNTY OF SAN FRANCISCO

**WILLIE L. BROWN, JR., MAYOR**

## COMMISSIONERS

**HENRY E. BERMAN**  
President

**LARRY MAZZOLA**  
Vice President

**MICHAEL S. STRUNSKY**

**LINDA S. CRAYTON**

**CARYL ITO**

**JOHN L. MARTIN**  
Airport Director

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Minutes of the Airport Commission Meeting of  
May 21, 2002

| CALENDAR<br>SECTION | AGENDA<br>ITEM | TITLE                                                                                                                                                      | RESOLUTION<br>NUMBER | PAGE  |
|---------------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------|
| A.                  |                | CALL TO ORDER:                                                                                                                                             |                      | 3     |
| B.                  |                | ROLL CALL:                                                                                                                                                 |                      | 3     |
| C.                  |                | ADOPTION OF MINUTES:                                                                                                                                       |                      |       |
|                     |                | Regular meeting of May 7, 2002                                                                                                                             | 02-0108              | 3     |
| D.                  |                | DIRECTOR'S REPORTS:                                                                                                                                        |                      |       |
|                     | 1.             | Transportation Security Administration<br>(TSA) Screeners                                                                                                  |                      | 3-5   |
| E.                  |                | ITEMS INITIATED BY COMMISSIONERS:                                                                                                                          |                      | 5     |
| F.                  |                | ITEMS RELATING TO ADMINISTRATION,<br>OPERATIONS & MAINTENANCE:                                                                                             |                      |       |
|                     | 2.             | Modification No. 1 to Public Parking Facilities<br>Operating Agreement - AMPCO System<br>Parking                                                           |                      | 5-9   |
|                     | 3.             | Approve Qualification Requirements and<br>Authorize Issuance of a Request for Quali-<br>fications - Redevelopment of Domestic Food<br>and Beverage Program | 02-0109              | 9-10  |
|                     | 4.             | Modification No. 1 - SFO Medical Clinic<br>Contract - Catholic Healthcare West dba<br>St. Mary's Medical Center                                            | 02-0110              | 10-11 |
|                     | 5.             | FY 2002/03 Rates and Charges                                                                                                                               | 02-0111              | 11-12 |
| G.                  |                | CONSENT CALENDAR OF ROUTINE<br>ADMINISTRATIVE MATTERS:                                                                                                     |                      |       |
|                     | 6.             | Modification No. 1 to Information Booth<br>Program Contract - Polaris/TGR Joint Venture                                                                    | 02-0112              | 12    |
|                     | 7.             | Exercise Fourth and Final One-Year Option to<br>Renew Professional Services Contract for Media<br>Campaign to Promote SFO - Dudell & Assoc.                | 02-0113              | 13    |
|                     | 8.             | Modification No. 3 to Professional Services<br>Contract with San Francisco Convention & Visitors<br>Bureau to Provide Continued Development &              |                      |       |



|     |                                                                                                                                                                                                                                              |         |       |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-------|
|     | Implementation of International Strategic Marketing Alliance                                                                                                                                                                                 | 02-0114 | 13    |
| 9.  | Modification No. 5 to Professional Services Contract with Gerchick-Murphy Associates to Provide Continued International and Domestic Aviation Development Services                                                                           | 02-0115 | 13-14 |
| 10. | Modification No. 2 to Contract 5606.1 - A/E Professional Services for Permit Bureau Relocation/Police Substation/Police Main Station - Corlett, Skaer, DeVoto Architects/ Joseph Chow And Assoc/Marie Fisher Interior Design, An Association | 02-0116 | 14    |
| 11. | Modification No. 6 to Contract 5706 - AirTrain Domestic Terminal Stations Professional Services Agreement - Kwan Henmi Architecture and Planning                                                                                             | 02-0117 | 14    |
| 12. | Approve Lease Requirements and Lease Specifications for Boarding Area F Hub Handbag and Accessories Store Lease                                                                                                                              | 02-0118 | 14    |
| 13. | Approval of Terminal 3 Discretionary Concession Opportunity                                                                                                                                                                                  | 02-0119 | 14-15 |
| 14. | Approval of Terminal Specialty Retail Store Lease                                                                                                                                                                                            | 02-0120 | 15    |
| H.  | NEW BUSINESS:                                                                                                                                                                                                                                |         |       |
|     | CalState Patrol                                                                                                                                                                                                                              |         | 15    |
| I.  | CORRESPONDENCE:                                                                                                                                                                                                                              |         | 15    |
| J.  | CLOSED SESSION:                                                                                                                                                                                                                              |         |       |
|     | Potential Litigation                                                                                                                                                                                                                         |         | 15    |
| K.  | ADJOURNMENT:                                                                                                                                                                                                                                 |         | 15    |



# AIRPORT COMMISSION MEETING MINUTES

May 21, 2002

## CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

\* \* \*

## ROLL CALL:

Present: Hon. Henry E. Berman, President  
Hon. Larry Mazzola, Vice President  
Hon. Michael S. Strunsky  
Hon. Linda S. Crayton  
Hon. Caryl Ito

\* \* \*

## ADOPTION OF MINUTES:

The minutes of the regular meeting of May 7, 2002 were adopted unanimously.

No. 02-0108

\* \* \*

## DIRECTOR'S REPORTS:

### 1 Transportation Security Administration (TSA) Screeners

Mr. John Costas, Chief of Staff, explained that San Francisco Airport for many years has focused on airport security and has always had concern for our security screeners. As far back as April 2000 the Director and the Commission instituted a Quality Standards Program for our security screeners that addressed compensation, hiring, training and equipping our security screeners to provide the highest level of security in the industry and to reduce the turnover rate. It has been extremely successful.

We believe we have an outstanding workforce of screeners. The problem we face with the initiation of the TSA is that a large number of our screeners are not U.S. citizens.

In December 2001 the Airport conducted a citizenship application program to help those screeners apply for citizenship so that they would be qualified for hiring. The Director has been in communication with the INS Western Regional Director who has committed to expedite citizenship applications by August.





In a letter by the Director to the TSA dated May 10, and with continual verbal communications with the TSA, we expect that there are about 100 screeners waiting to obtain citizenship in August. We have asked the TSA to delay screener applications until September or October, to provide at least four weeks advanced notice for screener applications, and to consider written applications as opposed to online applications.

We have also asked the TSA to support our Employment Development Center which is assisting screeners with on-line applications. Further, we have asked the TSA to provide a bonus to those screeners that stay on the workforce until the end of the contract term as an incentive to keep them working. Further, the TSA was asked not to pursue Federal screener hiring until the it has made a decision regarding SFO's application for the opt out program.

Federal Security Director Ed Gomez authorized him to say that the TSA will not pursue hiring screeners before September of this year. Mr. Gomez also indicated that the TSA will be providing advanced notice to avoid having a recurrence of the last application process. It will also provide bonus incentives for screeners to remain on the job. He has committed fully to continue to work on other requests made of the TSA.

After the last meeting the Director asked Mr. Gomez to meet with the Bay Area Organizing Committee (BAOC). A follow-up to that meeting will be held on May 28.

On March 27, 2002 the Director and Mayor Brown sent a letter to Secretary of Transportation Norm Moneta expressing concerns over federalizing screeners. On May 10, 2002 the Director and Commission President Henry Berman wrote to Senator Feinstein regarding concerns expressed by the BAOB.

In light of the steps taken by the Commission in support of security screeners, our continual communication and efforts to protect our screeners and to make sure that our security is the best in the country, to move this process in the most expeditious and fair way, the Director and staff believe that there is no reason to move on the resolution proposed by the BAOB, and that the Commission and staff will continue to work on behalf of the interests of screeners at SFO.

Commissioner Ito said that she was troubled that we have not received a response from the TSA on key areas that would help us secure our planning and transition over to the TSA. She did not understand why no other airport has taken these proactive steps during this transition. She felt that because this issue must be impacting other airports we need to make inquiries on their status on this issue. Specifically, she wanted to know what percentage of non-citizens would be impacted by lay offs at other airports.

She was not so sure that the BAOB's request for a congressional public hearing in San Francisco would raise the kind of attention in the country that would be expected. She was afraid that because it is happening in San Francisco people on the hill in Washington are not paying attention. We have not been perceived as best friends of the Bush administration.



Commissioner Strunsky asked if we have had any input from the TSA regarding their decision on opt out applications.

Mr. Costas responded that we have not received any information about when a decision will be made. Our application was submitted two or three months ago. Last week the TSA sent letters to all airports requesting that applications be resubmitted.

Rev. Kenneth Weare, representing the BAOC, praised Mr. Martin, Mr. Costas, Airport staff and the Commission for moving positively and proactively to protect the security of the Airport and the jobs of screeners.

They are especially grateful for the delay in recruiting and hiring until at least September. They were also pleased to learn about the bonus incentive to encourage employees to remain in their jobs.

They will meet again with Mr. Edward Gomez next week.

He was also pleased that Mr. Martin was working with the INS to expedite the citizenship process for screeners.

Rev. Weare asked if the current employees will have priority over others. He noted that Mr. Martin also suggested that the current employees be hired provisionally until the citizenship process is completed.

He noted that Boston airport praised SFO as the model airport for the U.S.

He was grateful to the Commission for its dedication and commitment.

Commissioner Crayton said that this Commission is very concerned about this issue. It affects not only airport security but the economy as well. The Airport is doing everything it can within its power.

Commissioner Mazzola thanked the other Commissioners and staff for their support on this issue. He also thanked the BAOC for its commitment and hard work. This is a national problem and SFO is leading the way.

\* \* \*

#### ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

\* \* \*

#### ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was moved by Commissioner Strunsky but failed to receive a second. No action was taken.



2. Modification No. 1 to Public Parking Facilities Operating Agreement - AMPCO System Parking - \$13,688,187

Resolution approving Modification No. 1 of the Airport Public Parking Facilities Operating Agreement with AMPCO System Parking, reducing the scope of work and the annual budget in an amount not to exceed \$13,688,187, including an annual management fee in an amount not to exceed \$1,442,323.

Mr. Bob Rhoades, Deputy Director, Business and Finance explained that as a result of the economic downturn of 2001 the Airport was faced with a difficult undertaking in putting together the budget for FY2002-2003. A significant revenue and passenger decline was forecasted for which the Airport had to account.

The Airport had to make difficult choices with respect to how it reduced its budget and still maintain the level of service it needed. One area that was looked at carefully was Professional Services Contracts, of which the garage was the largest. The downturn was going to cause potential layoffs of Airport employees, particularly in those areas that are activity driven ... janitorial and trades.

The AMPCO contract, originally awarded at \$19.3 million, is before the Commission for a recommended reduction to \$13.5 million. That reduction would eliminate janitorial services being provided by AMPCO and would be taken over by Airport custodians. Due to the reduction in passengers, we have the custodial capacity to perform this work.

The security services in the garage would also be reduced. That function would be absorbed by the Airport Police. There would still be a security contract for certain areas.

Further, due to a decline in activity we were able to close off portions of the garages which resulted in a reduction in cashiers.

This amendment reduces the budget in principal and changes the indemnification. The amendment is necessary for us to balance our 2002/2003 budget.

Commissioner Ito asked about the percentage of savings for custodial and security functions.

Mr. Rhoades responded that we will realize approximately \$6.6 million in savings and we will not add additional labor costs on the City side.

Commissioner Ito asked about the security function.

Mr. Rhoades responded that the Airport Police agreed to patrol the garage





during their normal course of business.

Mr. Guillermo Durgan, SEIU Local 1877 representing the garage janitors, said that many of these janitors have more than 10 and 15 years of experience. The Airport must take responsibility for these workers. He urged the Commission to consider other options. He realizes that the Airport has to balance its budget, but it should not be done on the backs of these workers and their families.

Mr. Francisco Navarro, representing Local 1877, spoke on behalf of the janitors.

Mr. Walter Johnson, San Francisco Labor Council, said that 50 employees will lose their jobs. This is about conscience, not cost to the Airport. He asked the Commission to think about what it is about to do, and to allow the janitors to keep working until a final decision is made.

Commissioner Crayton asked if it is possible to find positions for these workers in other AMPCO facilities.

Mr. Durgan responded that they have looked into that possibility and AMPCO does not have any other positions available.

Mr. David Collins, Regional Vice President for AMPCO System Parking explained that the janitorial work is subcontracted to a sister company, ABM Janitorial Services. While he cannot speak on ABM's behalf, in a recent conversation he was told that they do not have the ability at this time to accommodate 50 janitors in other positions.

Commissioner Crayton asked if something could be worked out.

Mr. Collins responded that he could not speak for ABM because it is a separate entity. It is his understanding that ABM has looked at the seniority of the Airport workforce and the workforce elsewhere. He believes that they may be two separate contracts.

Mr. Durgan said that he has spoken with ABM and they don't have positions available to absorb these workers.

Commissioner Strunsky asked if the workers at the Airport are at the same salary and benefit level.

Mr. Durgan responded that the City's living wage applies to the Airport workers.

Commissioner Strunsky assumed that the Airport workers were paid a higher salary.

Commissioner Crayton said that it is unfortunate that there are no positions available for these janitors, and, further, that since the salaries of these janitors are higher than others working for AMPCO, that they cannot automatically be moved into those positions.





No matter what we do, someone is going to be laid off.

Commissioner Ito also expressed concern. Like the screeners, these employees are at the low end of the pay scale. Have AMPCO and ABM looked at reducing their contract cost to the Airport in order to save these jobs?

Commissioner Mazzola expressed concern that when the Airport's custodial staff takes over those duties we were going to lose a level of service. Are those 30 employees being asked to perform the duties of two people?

Mr. Rhoades responded that 30 Airport custodians will be performing the job of the 50 AMPCO employees.

We have had a 25%+ reduction in activity in the garage and a significant reduction in passengers. Our custodians don't have to empty trash cans as often as they did. There is not the level of use that there was. We recognize that at some point in time the traffic will return and we will have to add resources to handle it. He is told by the head of our custodians that they can easily do this.

Commissioner Mazzola asked who will handle the services in the terminals.

Mr. Costas responded that there are services that are directly tied to the level of activity at the Airport. A combination of the reduction in passengers and the shut down of certain facilities has given us excess staff.

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance added that janitorial service in the BART station will begin in six months to a year. It takes us six to nine months to hire janitors and get them cleared through security. If we laid off our janitors now, we would have to begin the hiring process almost immediately in order to meet our future needs.

Commissioner Strunsky asked if our janitors were trained for disaster operation.

Mr. Eavis responded that they are. Janitors are our first line of defense in looking for objects. They are trained to work in all areas of the Airport, including evacuating injured passengers from a downed aircraft.

Some of our janitors are former ABM/AMPCO employees. Our pay scale is quite a bit higher.

Our existing management force will remain the same, so that even though there is a difference in the numbers, it is not as great as it appears on paper.

Commissioner Crayton asked if all janitors are trained to perform these additional functions.

Mr. Eavis responded that they are all trained to perform the same functions. They can all be switched from one area to another.

Commissioner Crayton asked if we can start the process to hire employees



now.

Mr. Eavis responded that in hiring janitors for the City we must follow Civil Service procedures. We cannot simply pick up janitors from a contract. The AMPCO janitors do meet the minimum requirements to apply for a City position.

Ms. Theresa Lee, Deputy Director, Administration, explained that the Department of Human Resources schedules these exams. There is currently an eligible list for the position and typically these lists are valid for six months to a year. Another exam will be held once the list expires.

Commissioner Mazzola asked Mr. Costas if staff has looked at other avenues to avoid laying off these 50 workers.

Mr. Costas responded that we have gone through pains not to have this occur. We believe that traffic will return. However, we are faced with a situation right now. Staff can look in another direction if the Commission wishes, but we have done everything we can to avoid layoffs.

Item No. 3 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

3 Approve Qualification Requirements and Authorize Issuance a Request for Qualifications - Redevelopment of the Domestic Food and Beverage Program

|             |                                                                                                                                                                              |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 02-0109 | Resolution approving the qualification requirements and authorization to issue a Request for Qualifications for the Redevelopment of the Domestic Food and Beverage Program. |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Mr. Rhoades explained that the current food and beverage lease in the domestic terminals is held by Host International, Inc. The annual rent is \$3.3 million plus, or a percentage rent. The contract will expire on August 31, 2004.

In order to insure a quality program is in place by September 1, 2004, the Airport formed an advisory committee to assist in determining the most viable program option to undertake in order to realize a number of goals and objectives, not the least of which is a strong local/DBE participation similar to the one we have in the International Terminal, revenue generation, issues involving worker retention, training, and minimizing cost to the Airport.

The Advisory Panel was made up of five individuals ... one representative each from Minneapolis airport, Philadelphia airport, Leigh Fisher Associates, the Mayor's Office, and the City Attorney's Office.

The Panel was asked to look at an appropriate recommendation ... either a lease extension of the existing operator, the Master Concessionaire approach, which is what we have today, the developer approach, individual direct leasing throughout the domestic terminal complex, or some combination thereof.



The Committee unanimously recommended the developer model as the best approach.

This item seeks approval for the developer model concept. If approved today, staff will return on June 4 to request approval to issue an RFQ. The business plan will be unveiled at that time, as well as a number of issues.

Although this item also suggests that the RFQ process is the best way to go, staff will return to the Commission to secure approval to issue the RFQ.

Commissioner Strunsky commented that the success of the food service facilities in the International Terminal is a marked improvement over anything found in the rest of the country. He is very much in favor of the developer concept.

Commissioner Ito asked if we will require street pricing.

Mr. Rhoades responded that we will. The rent for DBEs will be very similar in structure to what we have in the International Terminal, which is working very well.

Commissioner Mazzola said that he, too, was in favor of the developer concept. He reminded the staff that the worker retention policy does not cover food workers and suggested an amendment to the resolution previously approved by the Commission to cover those workers.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

4. Modification No. 1 - SFO Medical Clinic Contract with Catholic Healthcare West dba St. Mary's Medical Center - \$500,000

|             |                                                                                                                                                                                                                                                                          |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 02-0110 | Resolution approving Modification No.1 to the existing SFO Medical Clinic contract to eliminate or reduce specific services provided by Catholic Healthcare West dba St. Mary's Medical Center, for a new contract amount not to exceed \$500,000 in fiscal year 2002/03 |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Ms. Theresa Lee, Deputy Director, Administration explained that this modification reflects a reduction in services provided by the Medical Clinic. The new contract amount is not to exceed \$500,000, and the term of the contract is from July 1, 2002 through June 30, 2003, with three-one year options at the discretion of the Commission.

Service hours will be reduced from 68 hours per week to 46.5 hours per week, effective July 1. The only service to be eliminated is primary care. The demand for this service has been very low over the last two years. These patients will be referred to other providers.





This modification also eliminates the contract management fee. All services required by the Commission for its employees, such as medical surveillance, occupational health, drug testing and worker compensation case management will continue. Travel medicine and consultation, urgent care, and occupational health care will also continue to be provided to the traveling public and tenants.

Commissioner Crayton asked what days they will operate.

Ms. Lee responded that the Clinic will be open six days ... Monday through Friday, 8:30 A.M. to 5:00 P.M., and Saturday 9:00 A.M. to 1:00 P.M.

Commissioner Strunsky said that once again we are forced to cut back on vital Airport services because of the economic climate.

Commissioner Ito asked if it was made clear to Supervisor Peskin that primary care services was not in high demand.

Ms. Lee responded that Director Martin did communicate that to Supervisor Peskin, and a clarifying letter was sent to him.

Ms. Lee said that a notice was sent to tenants regarding the Clinic. In addition, the Clinic will market its services.

Commissioner Mazzola wanted a message to go to Supervisor Peskin ... the Commission cares about service at the Airport; and this is a necessity.

Before moving on to Item No. 4, Mr. Costas told the Commission that since item No. 2 failed to receive a second on motion he will relate the Commissions concerns to the Director regarding this issue. Staff will also look again at alternative ways to address this issue.

Item No. 5 was moved by Commissioner Strunsky and seconded by Commissioner Crayton. The vote to approve was unanimous.

5. Fiscal Year 2002 - 2003 Rates and Charges

No. 02-0111                      Resolution establishing Airport Rates and Charges for Fiscal Year 2002/2003.

Mr. Rhoades explained that the Airline/Airport Lease and Use Agreement sets forth a formula to calculate the landing fees and terminal rental rates each year. The airlines pay landing fees and terminal rental rates in accordance with a residual cost rate setting methodology designed to provide revenues sufficient to pay the Airport's annual operating expenses, debt service, small capital outlays, and the annual service payment to the City.

The establishment of the rates and charges was a very difficult undertaking for FY 2002/03. It is tied to the Airport's budget and the painful processes we had





to go through to try to find a solution.

It was important that we try to establish the rates and charges for the next fiscal year without any significant increases. That was very difficult to do given that our debt service is now coming fully on line. The only latitude we had was to try and cut operating expenses and look for new revenue sources. The revenue sources are a little more difficult because of the economic climate. Cutting operating expenses, as we witnessed this morning, is very painful.

Over the last six months staff has been able to establish a rates and charges formula for next year that will reduce the airline terminal rental rates by 3% and have a modest increase in the landing fees.

Stabilizing airline fees is important in order to avoid a further erosion in services, particularly with carriers who have a low margin of profitability at such a high cost airport. This package achieves that end. We will continue to work to further reduce those fees so that we can attract new services and hire more people to take care of those new services.

Commissioner Strunsky asked if there is a mechanism for a mid year correction.

Mr. Rhoades responded that there is a mid year trigger if revenues don't meet certain expectations, or expenses exceed forecasted levels.

\* \* \*

#### G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 6 through 14, was moved by Commissioner Ito and seconded by Commissioner Strunsky. The vote to approve was unanimous.

6. Modification No. 1 to Information Booth Program Contract - Polaris/TRG Joint Venture - \$1,025,000

No. 02-0112

Resolution authorizing Director to execute Modification No.1 to the existing Agreement to modify the scope of services provided by Polaris/TRG Joint Venture and exercise the first option to renew the contract for a total budget not to exceed \$1,025,000 contract year July 1, 2002 to June 30, 2003.

Commissioner Ito said it was her understanding that we are approving this funding pending corporate commitments.

Ms. Alice Sgourakis, Landside Operations said that Concession Development is talking to three potential corporate sponsors. The \$1,025,000 assumes a corporate sponsorship. In the event the Airport fails to find such a sponsorship, the contract amount will drop to \$625,000 for one booth. If a sponsorship is found, we could potentially have booths in each of the terminals as we do now.



7. Exercise the Fourth and Final One-Year Option to Renew the Professional Services Contract for a Media Campaign to Promote SFO - Dudell and Associates - \$275,000

No. 02-0113

Resolution approving the fourth and final one-year option with Dudell and Associates to provide a media campaign promoting SFO, effective June 28, 2002 through June 27, 2003 with a budget not to exceed \$275,000.00.

Commissioner Ito asked if this amount is the same as last year.

Ms. Jane Sullivan, Marketing and Communications, responded that it is.

8. Modification No. 3 to Professional Services Contract with the San Francisco Convention and Visitors Bureau to Provide Continued Development and Implementation of an International Strategic Marketing Alliance - \$240,000

No. 02-0114

Resolution approving Modification No. 3 to the Professional Services Contract with the San Francisco Convention and Visitors Bureau for the continued development and implementation of an International Strategic Marketing Alliance to increase the amount by \$240,000. And to extend the term from July 1, 2002 through June 30, 2003; all other terms and conditions of the contract remain in full force and effect.

Commissioner Ito asked what the initial budget was for this contract.

Mr. Peter Nardoza, Deputy Director, Public Affairs responded that it is less than what it was last year.

Commissioner Ito asked for a brief report regarding the kind of work being done in Japan.

9. Modification No. 5 to Professional Services Contract with Gerchick-Murphy Associates to Provide Continued International and Domestic Aviation Development Services - \$80,000

No. 02-0115

Resolution approving Modification No.5 to Professional Services Contract with Gerchick Murphy Associates to increase the amount by \$80,000 for continued International and Domestic Aviation Development Services; all other terms and conditions of the contract remain in full force and effect.



Commissioner Ito asked what the initial budget was for this contract.

Mr. Nardoza responded that it is less than last year.

10. Modification No. 2 to Contract No. 5606.1 - A/E Professional Services for Permit Bureau Relocation/Police Substation/Police Main Station - Corlett, Skaer, DeVoto Architects/Joseph Chow and Associates/Marie Fisher Interior Design, An Association - \$135,524

No. 02-0116

Resolution approving Modification No. 2 to Contract 5606.1 - A/E Professional Services for Permit Bureau Relocation/Police Substation/Police Main Station with Corlett, Skaer, DeVoto Architects/Joseph Chow and Associates/Marie Fisher Interior Design, An Association.

Funding will be provided by budget transfers from project underruns, with no impact to the Master Plan Budget.

11. Modification No. 6 to Contract 5706 - AirTrain Domestic Terminal Stations Professional Services Agreement - Kwan Henmi Architecture and Planning - \$70,000

No. 02-0117

Resolution approving an increase to professional services fees in the amount of \$70,000 for a new contract value of \$2,830,050 to provide full architectural and engineering services for additional scope of work items for the AirTrain Domestic Terminal Stations. Funds are available in the existing project budget with no impact to the Master Plan Budget.

12. Approval of Lease Requirements and Lease Specifications for Boarding Area "F" Hub Handbag and Accessories Store Lease

No. 02-0118

Resolution approving Proposed Proposal Requirements and Lease Specifications and authorizing staff to conduct a Pre-proposal Conference for the Boarding Area "F" Hub Handbag and Accessories Store Lease.

13. Approval of Terminal 3 Discretionary Concession Opportunity

No. 02-0119

Resolution approving Proposed Proposal Requirements and Lease Specifications and



authorizing staff to conduct a Pre-Proposal Conference for Terminal 3 Discretionary Concession Opportunity.

14. Approval of Terminal 3 Specialty Retail Store Lease

No. 02-0120

Resolution approving proposed proposal requirements and lease specifications, and authorizing staff to conduct a pre-proposal conference for the Terminal 3 Specialty Retail Store Lease.

\* \* \*

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Mr. Tom Martin, Teamsters Local 665, spoke on behalf of the CalState Patrol guards who provide security in the SFO garages. He is concerned about the staffing reductions that will reduce the level to 24 guards in a 24 hour period for three large structures.

He realizes that the Airport has lost a great deal of revenue in the last year but he questions the wisdom of making cuts in security at this time. He understands the plan is to have the SFPD patrol the lots, but this will be another task for an already burdened department.

He read a letter from DAJA dated March 11, 2002 into the record (see attached).

Commissioner Crayton asked if we knew if the breakins mentioned in the letter happened during a particular time.

Mr. Martin responded that they appear to be happening during all three shifts.

Mr. Guillermo Ponce de Leon, Teamsters Local 665 said that Mr. Martin has already stated the facts.

\* \* \*

I. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

K. CLOSED SESSION:







Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 10:15 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation

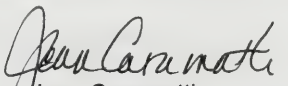
Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 10:45 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

\* \* \*

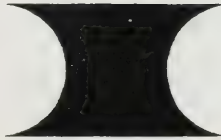
L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:46 A.M.

  
Jean Caramatti  
Commission Secretary



GRAVEYARD  
&  
SWING SUPERVISORS



**DAJA INC.**  
**AIRPORT PARKING**

San Francisco International Airport • P.O. Box 282318 • San Francisco, CA 94128-2318  
(650) 877-0227 • Fax: (650) 877-8024

**DIRECTIVE**

DATE: 3/11/02

TO: CAL-STATE PATROL  
FROM: DAJA MANAGEMENT

SUBJECT: MORE FOOT PATROL NEEDED

Due to numbers of recent Break-In to patrons' vehicles in central garage, especially on level 2 and 3, more foot patrols in central garage are needed badly in order to deter further burglary or vandalism to patron's vehicles. Please have your guards patrol all levels of the central garage as frequently as possible throughout all three shifts of the day.

Should you have any questions regarding this matter, please contact any DAJA supervisor on duty or contact Benny Huang at 650-877-0227 ext. 702.

Thank you for your prompt attention on this matter!



# SAN FRANCISCO AIRPORT COMMISSION



## MINUTES

June 4, 2002

9:00 A.M.

DOCUMENTS DEPT.

JUN 26 2002

SAN FRANCISCO  
PUBLIC LIBRARY

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400 VAN NESS AVENUE  
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WILLIE L. BROWN, JR., MAYOR

## COMMISSIONERS

HENRY E. BERMAN  
President

LARRY MAZZOLA  
Vice President

MICHAEL S. STRUNSKY

LINDA S. CRAYTON

CARYL ITO

JOHN L. MARTIN  
Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT  
SAN FRANCISCO, CALIFORNIA 94128



Minutes of the Airport Commission Meeting of  
June 4, 2002

| CALENDAR<br>SECTION | AGENDA<br>ITEM | TITLE                                                                                                                                                                                                                  | RESOLUTION<br>NUMBER | PAGE |
|---------------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------|
| A.                  |                | CALL TO ORDER:                                                                                                                                                                                                         |                      | 3    |
| B.                  |                | ROLL CALL:                                                                                                                                                                                                             |                      | 3    |
| C.                  |                | ADOPTION OF MINUTES:                                                                                                                                                                                                   |                      |      |
|                     |                | Special meeting of May 16, 2002 and the<br>Regular meeting of May 21, 2002                                                                                                                                             | 02-0121              | 3    |
| D.                  |                | SPECIAL ITEM:                                                                                                                                                                                                          |                      |      |
|                     | 1.             | Retirement Resolution - Masashi Matsumoto                                                                                                                                                                              | 02-0122              | 3-4  |
| E.                  |                | ITEMS INITIATED BY COMMISSIONERS:                                                                                                                                                                                      |                      |      |
|                     |                | AMPCO employees                                                                                                                                                                                                        |                      | 4    |
|                     |                | International Business                                                                                                                                                                                                 |                      | 4-5  |
|                     |                | Management Audits                                                                                                                                                                                                      |                      | 5    |
| F.                  |                | POLICY:                                                                                                                                                                                                                |                      |      |
|                     | 2.             | Amendment to Airport's Worker Retention Policy<br>To Include Food & Beverage Concessions                                                                                                                               | 02-0123              | 5-6  |
| G.                  |                | ITEMS RELATING TO ADMINISTRATION,<br>OPERATIONS & MAINTENANCE:                                                                                                                                                         |                      |      |
|                     | 3.             | Approve Minimum Qualification Requirements<br>and Authorize Pre-Qualifications Conference -<br>Domestic Terminals Food and Beverage<br>Program                                                                         | 02-0124              | 6-7  |
|                     | 4.             | Amendment No. 3 to Contract 4189B with<br>Raytheon Company to Provide Upgrades to<br>Precision Runway Monitor System and;<br>Modification No. 3 to Agreement with FAA<br>to Increase FAA's Contribution by \$2,066,361 | 02-0125<br>02-0126   | 7    |
| H.                  |                | CONSENT CALENDAR OF ROUTINE<br>ADMINISTRATIVE MATTERS:                                                                                                                                                                 |                      |      |
|                     | 5.             | Award Contract 8136CM - Explosive Detection<br>Baggage Inspection Machines for International<br>Terminal - Cabellon Associates, Inc.                                                                                   | 02-0127              | 8    |





|     |                                                                                                                                                                                                         |         |       |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-------|
| 6.  | Modification No. 3 to Professional Services Agreement - Contract 5750.1 - North Field Cargo Facilities - Stone & Webster/FE Jordan, A J.V.                                                              | 02-0128 | 8     |
| 7.  | Authorize Second of Three-One Year Options for the Financial Advisory Services Agreement with the Joint Venture of Public Financial Management and the Chapman Company                                  | 02-0129 | 9     |
| 8.  | Award Professional Legal Services Agreement with Law firm of Moscone, Emblidge & Quadra                                                                                                                 | 02-0130 | 9     |
| 9.  | Modification No. 5 to Professional Services Contract with Smith, Dawson and Andrews for Federal Advocacy Services                                                                                       | 02-0131 | 9     |
| 10. | Modification No. 13 to Professional Services Contract with Kenyon and Edelstein for State Legislative Advocacy Services                                                                                 | 02-0132 | 9     |
| 11. | Modification No. 6 to Professional Services Contract with MacKenzie Communications for Continued Development and Outreach to Bay Area Business Coalition to Promote Increased International Air Traffic | 02-0133 | 9-10  |
| 12. | Bid Call - Contract 4511 - Terminal 1 West End Skylight and Interior Improvements                                                                                                                       | 02-0134 | 10    |
| 13. | Authorize Acceptance of Bids for DVD Rental Lease                                                                                                                                                       | 02-0135 | 10    |
| 14. | Authorize Staff to Seek, Accept and Expend Funds From Air District for Clean Air Vehicles                                                                                                               | 02-0136 | 10    |
| I.  | NEW BUSINESS:                                                                                                                                                                                           |         |       |
|     | Cal State Patrol                                                                                                                                                                                        |         | 11    |
|     | ShuttlePort/Super Shuttle employees                                                                                                                                                                     |         | 11    |
| J.  | CORRESPONDENCE                                                                                                                                                                                          | :       | 11-12 |
| K.  | CLOSED SESSION:                                                                                                                                                                                         |         | 12    |
|     | Settlement of unlitigated claim - United Airlines                                                                                                                                                       |         |       |
|     | Potential Litigation                                                                                                                                                                                    |         |       |
| L.  | ADJOURNMENT:                                                                                                                                                                                            |         | 12    |



# AIRPORT COMMISSION MEETING MINUTES

June 4, 2002

## A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

\* \* \*

## B. ROLL CALL:

Present: Hon. Henry E. Berman, President  
Hon. Larry Mazzola, Vice President  
Hon. Linda S. Crayton  
Hon. Caryl Ito

Absent: Hon. Michael S. Strunsky

\* \* \*

## C. ADOPTION OF MINUTES:

The minutes of the special meeting of May 16, 2002 and the regular meeting of May 21, 2002 were adopted unanimously.

No. 02-0121

\* \* \*

## D. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Mazzola and seconded by Commissioner Ito. The vote to approve was unanimous.

### 1. Retirement Resolution - Masashi Matsumoto

No. 02-0122 Resolution expressing appreciation for Mr. Matsumoto's seventeen years of dedicated service with the San Francisco Airport Museums and wishing him a wonderful retirement.

Mr. John Martin, Airport Director, said that this resolution recognizes Mr. Matsumoto's seventeen years of employment. He was one of the original employees of the Airport's Museum group.

Mr. Matsumoto is an artist and curator with the Museum and has played a major role in the program. He has promoted good will among his fellow employees and enjoys a great deal of respect both within the Museum division and the



Airport overall.

Commissioner Ito noted that Mr. Matsumoto was also awarded the Public Managerial Excellence award from SPUR and the Chamber of Commerce in 1999 for fiscal oversight on the program.

\* \* \*

#### E. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Crayton asked about the situation regarding AMPCO employees that appeared on the last calendar.

Mr. Martin responded that we have realized an additional savings of about \$1.2 million in the budget and as a result we will be able to keep about 30 custodians under the AMPCO contract. Most of the remaining custodians under that contract are part time employees and will be laid off.

Commissioner Mazzola thanked Mr. Martin for revisiting that issue.

Mr. Martin thanked Deputy Chief Rick Bruce for assisting in finding additional savings.

Commissioner Crayton said that this underscores the Airport's diligence and ability to try to make things work. There needs to be some sort of public awareness regarding this significant savings in dollars and employees. She also thanked Commissioner Mazzola for encouraging staff to look for alternatives.

Commissioner Mazzola said that he knows the workers are very happy and was certain that they will, through their representatives, tell the Director that they appreciate his efforts. Commissioner Mazzola said that he will mention it to the Board of Supervisors.

Commissioner Ito said that it also highlights the working relationship with other departments that we support such as the Police Department. Without a good relationship they would not have come forward in such a spirit of cooperation.

Mr. Martin said that that has been the case with a number of City departments ... the Police and Fire Departments have come through in helping us address budget issues.

Mr. Martin said that we are making an effort to get the truth out about the Airport's strong finances. We have a large reserve fund ... well over \$200 million ... that we have not had to tap into.

Commissioner Ito added that she had asked for an update on how we are doing in generating international business for our new terminal. She acknowledged the success of our international team, the additional United flight to Tokyo, the potential for a direct flight to Quangzhao on China Southern Airlines, and the expansion of Dragon Air's cargo service.

Mr. Martin said that the Asian traffic is coming back strong. Cathay Pacific is moving to the larger 747-400 in order to add capacity. International traffic has bounced back



faster than domestic traffic, reflecting the investment we made in our new International Terminal.

Commissioner Mazzola noted that statements have been made that there hasn't been a management audit since 1971, and asked Mr. Martin to comment on that.

Mr. Martin responded that statements have been made that the last management audit was performed in 1971. In fact, that was the last management audit performed by Harvey Rose. The Airport has employed a management consultant, the John F. Brown Company, since 1974. They have continually provided management advisory services to the Airport. We are required under our Bond Indenture to employ a management advisory consultant. The John F. Brown Company has also conducted special management audits. In the current fiscal year they conducted a management audit of the parking operation and the stationary engineering function. In addition, we have an auditor perform an annual financial review and prepare a financial statement, the FAA requires periodic and annual audits to be prepared on Airport construction, and the airlines conduct periodic special audits of the Airport. One is under way today. There is an extraordinary level of audits that are performed at the Airport.

On June 18 he will be requesting Commission approval to undertake a management audit of the Airfield Development Program.

Consistent with the City Charter and Administrative Code which require a competitive selection process, Airport staff will prepare an RFP. A number of San Francisco firms are interested, as well as firms that specialize in airport management consulting.

\* \* \*

## F. POLICY:

Item No. 2 was moved by Commissioner Mazzola and seconded by Commissioner Crayton. The vote to approve was unanimous.

### 2. Amendment to Airport's Worker Retention Policy to Include Food and Beverage Concessions

No. 02-0123

Resolution amending the Airport's Worker Retention Policy to include Food and Beverage Concessions.

Mr. Bob Rhoades, Deputy Director, Business and Finance explained that this item amends the Airport's Worker Retention Policy to include food and beverage concession workers.

In 2001 the Commission adopted a Worker Retention Policy for certain contractors and third party service providers which included the parking garage, information booths and curbside management. This policy serves the purpose of retaining for the Airport the skills and experience developed by employees and recognizes that their length of service is a significant contribution to the Airport's operation.





The same is true with food and beverage concession employees. Many of these employees have long history of service at the Airport and have developed invaluable knowledge and experience. They are well acquainted with Airport operations, security procedures and the unusual situations that might lead to security concerns. They are prepared to deal with conditions peculiar to airport food and beverage operations such as sudden influxes of customers at odd hours and intervals, and customers who are experiencing travel related stress.

Mr. Matthew Mullaney, President, Hotel and Restaurant Employees Local 340, said that he represents anywhere between 500 to 700 employees working at concessions at the Airport.

He asked the Commission to consider this amendment to the policy.

Commissioner Ito asked if the labor representatives agreed to all of this.

Mr. Rhoades responded that they have.

\* \* \*

#### G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 3 was moved by Commissioner Mazzola and seconded by Commissioner Crayton. The vote to approve was unanimous.

3. Approve Minimum Qualification Requirements and Authorization to Conduct a Pre-Qualifications Conference - Domestic Terminals Food and Beverage Program

No, 02-0124

Resolution approving the minimum qualifications requirements for the developer of the Domestic Terminals Food and Beverage Program Lease and authorizing staff to conduct a pre-qualifications conference for the same.

Mr. Rhoades said that at the last meeting the Commission approved the developer approach to the domestic food and beverage program in anticipation of the expiration of the current lease.

This item seeks approval of the minimum qualifications requirements for the developer, the general business terms of the domestic food and beverage program lease, and authorizes staff to conduct a pre-qualifications conference.

The minimum qualifications include a minimum of five years within the past 10 years in concession program space development, tenant outreach design, and construction management, administration, leasing and management in an airport environment with a minimum of 50,000 sq. ft. of concession space. A minimum of five years in the past 10 years in the implementation and management of a concession program with a DBE enterprise component. Qualifier will not be permitted to enter into this lease through a newly formed



entity. From a financial perspective, they must have achieved at least \$30 million in any given year in gross sales.

We are proposing a minimum annual guarantee of \$4 million for the first year and subsequently, either \$4 million or 85% of gross sales of the previous year. The proposed term is 15 years. The developer cannot charge tenants more than a proposed tiered rent structure with a minimum annual guarantee that is very much the same as the International Terminal food and beverage program. The developer shall designate at least 50% of the programs total square footage for DBEs. At least 80% of the programs total square footage must be designated for San Francisco and Bay Area businesses.

Commissioner Ito asked if the on-going management will be handled by staff.

Mr. Rhoades responded that will be the developers responsibility, much the same way as the master concessionaire concept. The master concessionaire manages the subtenants, but staff manages the master concessionaire.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

4. Amendment No. 3 to Contract No. 4189B with Raytheon Company to Provide Upgrades to the Precision Runway Monitor System and Modification No. 3 to Agreement with the FAA to Increase FAA's Contribution by \$2,066,361

No. 02-0125  
No. 02-0126

Resolution approving Amendment No. 3 to Contract No. 4189B with Raytheon Co. to provide for the upgrades to the Precision Runway Monitor (PRM) System No. 6 in the amount of \$2,066,361 to be paid directly by the FAA; and resolution approving Amendment No. 3 to the Agreement with the FAA to increase the FAA's contribution on the PRM System No. 6 by \$2,066,361.

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance explained that this resolution allows the Airport to pass through the cost of certain upgrades from the FAA to Raytheon for the replacement PRM unit. It will not increase the Airport's cost for our existing PRM unit. There is no contractual agreement between the Federal government and Raytheon. Since we have contractual agreements with both of those entities, we are being used as the pass through to pay for improvements Raytheon is making for the Federal government.

\* \* \*

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 5 through 14, were moved by Commissioner Mazzola and seconded by Commissioner Crayton. The vote to approve was unanimous.



5. Award of Contract No. 8136CM - Explosive Detection Baggage Inspection Machines for the International Terminal - Cabellon Associates, Inc. - \$300,000

No. 02-0127

Resolution awarding Contract 8136CM, Explosive Detection Baggage Inspection Machines for the International Terminal to Cabellon Associates, Inc. as the sole source construction management consultant for explosive detection baggage inspection machine infrastructure work, contingent upon reimbursement by the Federal Government. The estimated cost is \$300,000.

The propose funding sources are the Security Equipment Integrated Product Team Program (SEIPT) and the Airport Improvement Program (AIP).

Commissioner Mazzola asked how this was going.

Mr. Martin responded that we will have the Explosive Detection System Devises (EDS) in place in the International Terminal by the end of this year providing 100% screening of baggage, putting us in full compliance with Congressional mandates in the International Terminal.

The Transportation Security Administration (TSA) recognizes that it cannot have EDS devices in place at all airports across the country, and that it can't be done in our domestic terminals. The TSA is looking at using trace devices in our domestic terminals and around the country in order to meet the deadlines.

There are significant issues that must be addressed in meeting those deadlines, such as physical modifications that must be made to facilities at SFO and around the country, and how staffing will be provided to handle trace detection for all the checked and carry-on baggage.

6. Modification No. 3 to Professional Services Agreement to Contract 5750.1 - North Field Cargo Facilities - Stone & Webster/F.E. Jordan, A J.V. - \$101,982

No. 02-0128

Resolution approving Modification No. 3, the Closeout Modification to the Professional Service Agreement with Stone & Webster/F.E. Jordan, A Joint Venture, for Contract 5750.1, North Field Cargo Facilities, in the amount of \$101,982, for additional architectural and engineering design services required for the extended duration of construction. Funding will be provided from Program Reserve, with no impact to the Master Plan Budget





7. Authorizing the Second of Three One-Year Options for the Financial Advisory Services Agreement with the Joint Venture of Public Financial Management and the Chapman Company
- No. 02-0129                      Resolution authorizing the second of three one-year options for the Financial Advisory Services Agreement with the Joint Venture of Public Financial Management and the Chapman Company at no additional cost.
8. Agreement with the Law Firm of Moscone/Emblidge/Quadra, LLP to Provide Professional Legal Services on Litigation Matters - \$150,000
- No. 02-0130                      Resolution approving Agreement with the Law Firm of Moscone, Emblidge & Quadra, LLP to Provide Professional Legal Services on litigation matters at the initial contract amount of \$150,000
9. Modification No. 5 to Professional Services Contract with Smith, Dawson and Andrews for Federal Advocacy Services - \$100,000
- No. 02-0131                      Resolution approving Modification No. 5 to Professional Services Contract with Smith, Dawson and Andrews for Federal Advocacy Services by increasing compensation in an amount not-to-exceed \$100,000 and to extend the term from July 1, 2002 thru June 30, 2003 for Federal Legislative advocacy services in Washington, D.C.
10. Modification No. 13 to Professional Services Contract with Kenyon and Edelstein for State Legislative Advocacy Services - \$75,000
- No. 02-0132                      Resolution approving Modification No. 13 to Professional Services Contract with Kenyon and Edelstein, now Edelstein and Gilbert, for State Legislative Advocacy Services by increasing the amount payable by \$75,000 and to extend the term from July 1, 2002 thru June 30, 2003 for State Legislative advocacy services in Sacramento, CA.
11. Modification No. 6 to Professional Services Contract with MacKenzie Communications for the Continued Development and Outreach to the Bay Area Business Coalition to Promote Increased International Air Traffic - \$40,000





No. 02-0133

Resolution approving Modification No. 6 to Professional Services Contract with MacKenzie Communications, a certified WBE for the Continued Development and Ongoing Outreach to the SFO Bay Area Business Coalition to increase the amount by \$40,000 and to extend the term from July 1, 2002 through June 30, 2003; all other terms and conditions of the contract to remain in full force and effect.

Commissioner Crayton asked why this was being increased.

Mr. Peter Nardoza, Deputy Director, Public Affairs, explained that this is actually a reduction in the annual contract amount. Approximately three years ago we organized the Bay Area Business Coalition to assist us in luring new airlines to SFO. They work specifically with our International Aviation Development team towards that end.

12. Bid Call - Contract No. 4511 - Terminal 1 West End Skylight and Interior Improvements

No. 02-0134

Resolution approving the scope, budget, and schedule for Contract No. 4511, Terminal 1 West End Skylight and Interior Improvements, and to authorize the Director to call for bids when ready.

13. Authorization to Accept Bids for the DVD Rental Lease

No. 02-0135

Resolution authorizing staff to accept bids for the DVD Rental Lease.

14. Authorization for Staff to Seek, Accept and Expand Funds From Air District for Clean Air Vehicles

No. 02-0136

Resolution authorizing Airport Staff to seek, accept, and expand funds from the Bay Area Air Quality Management District to encourage Airport operators to acquire clean air vehicles.

Commissioner Ito asked how this money was to be used.

Ms. Alice Sgourakis, Landside Operations explained that it will provide the incremental cost between the standard fuel vehicles and the compressed natural gas vehicles. It will be used for commercial operators at the Airport that apply for these funds to pay for that incremental cost.

\* \* \*



I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Mr. Tom Martin, I.B.T. Local 665 representing Cal State Patrol Security Guards who provide security services for the parking structures at SFO.

He thanked whomever was responsible for avoiding layoffs on June 1, but understood that June 30 was a potential layoff date. He asked if there has been any discussion or decision on the security guards.

Mr. John Martin responded that we have not realized any savings to allow these guards to be carried on the payroll. The plan is to have the Police Department take over this function on June 30. Regrettably, this is one of the tough decisions we face.

Mr. Tom Martin told the Director that he submitted a letter at the last meeting from DAJA to AMPCO requesting more foot patrols in the garage on all shifts because of break-ins.

He understands the thinking behind having the SFPD cover the garages, but he is concerned that we might be doing a disservice to the traveling public and garage patrons. The SFPD is already overburdened.

Commissioner Mazzola asked for continued dialogue with the Airport to try and resolve this issue.

Mr. John Martin responded that Carl Bunch of the City Attorney's Office will be the primary contact.

Mr. Dan Lynch, Teamsters Local 665, thanked the Director and his staff for finding a way to continue the Curb Coordinator program at the Airport. They are experiencing one problem ... since Super Shuttle is not a contractor, but a permit holder, they do not fall under the Quality Service Program (QSP), and, therefore, those former ShuttlePort employees who are now with Super Shuttle do not have medical benefits. These employees are doing the same job and they are working at the Airport full time. They deserve the same benefits that others at the Airport doing the same job enjoy. ShuttlePort employees fall under the QSP. The second operator, Lorries, voluntarily complied with the QSP and provided medical coverage for their employees. They tried to negotiate with Super Shuttle, but were unsuccessful.

Mr. Martin said that Carl Bunch will follow up on this issue as well. The Minimum Health Care Ordinance may apply here. We will review it.

\* \* \*

J. CORRESPONDENCE:



There was no discussion by the Commission.

\* \* \*

K. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:35 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding the settlement of unlitigated claim of United Air Lines in the amount of \$25,921.00; and to confer with legal counsel regarding potential litigation.

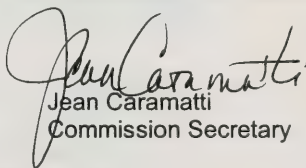
Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 10:15 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

\* \* \*

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:16 A.M.

  
Jean Caramatti  
Commission Secretary



# SAN FRANCISCO AIRPORT COMMISSION



## MINUTES

June 18, 2002

9:00 A.M.



ROOM 400 - CITY HALL  
400 VAN NESS AVENUE  
CITY AND COUNTY OF SAN FRANCISCO

**WILLIE L. BROWN, JR., MAYOR**

## COMMISSIONERS

**HENRY E. BERMAN**  
President

**LARRY MAZZOLA**  
Vice President

**MICHAEL S. STRUNSKY**

**LINDA S. CRAYTON**

**CARYL ITO**

**JOHN L. MARTIN**

Airport Director

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Minutes of the Airport Commission Meeting of  
June 18, 2002

| CALENDAR<br>SECTION | AGENDA<br>ITEM | TITLE                                                                                                                                           | RESOLUTION<br>NUMBER | PAGE |
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| A.                  |                | CALL TO ORDER:                                                                                                                                  |                      | 3    |
| B.                  |                | ROLL CALL:                                                                                                                                      |                      | 3    |
| C.                  |                | ADOPTION OF MINUTES:                                                                                                                            |                      |      |
|                     |                | Regular meeting of June 4, 2002                                                                                                                 | 02-0138              | 3    |
| D.                  |                | ANNOUNCEMENT BY SECRETARY:                                                                                                                      |                      | 3    |
| E.                  |                | ITEMS INITIATED BY COMMISSIONER:                                                                                                                |                      |      |
|                     |                | Mr. Ed Gomez, Director, TSA                                                                                                                     |                      | 3-4  |
| F.                  |                | ITEMS RELATING TO ADMINISTRATION,<br>OPERATIONS & MAINTENANCE:                                                                                  |                      |      |
|                     | 1.             | Modification No. 5 to Contract 4240 for Phase<br>II Environmental Impact Studies for the<br>Runway Reconfiguration Program - URS<br>Corporation | 02-0139              | 4-5  |
|                     | 2.             | Authorization to Issue a Request for Proposals<br>for Management Audits                                                                         | 02-0140              | 5    |
|                     | 3.             | Amendment to the Domestic Terminals Food<br>and Beverage Program Lease                                                                          | 02-0141              | 5-6  |
| G.                  |                | CONSENT CALENDAR OF ROUTINE<br>ADMINISTRATIVE MATTERS:                                                                                          |                      |      |
|                     | 4.             | Authorization for a Six-Month Trial of Zoom<br>Systems, Inc.'s Vending Kiosks in the In-Transit<br>Lounges of the International Terminal        | 02-0142              | 6-7  |
|                     | 5.             | Authorization for a Pre-Proposal Conference<br>for a Professional/Collegiate Team Sports<br>Theme Store in Lease in Terminal 3                  | 02-0143              | 7-8  |
|                     | 6.             | Authorization for a Pre-Proposal Conference<br>for Boarding Area "F" Gifts and Souvenirs Kiosk<br>Lease                                         | 02-0144              | 8    |
|                     | 7.             | Modification No. 2 to Information Booth Program<br>Contract - Polaris/TRG Joint Venture                                                         | 02-0145              | 8    |



|     |                                                                                             |         |      |
|-----|---------------------------------------------------------------------------------------------|---------|------|
| 8.  | Replacement Agreement for Childcare Services at<br>Palcare between SFO and San Mateo County | 02-0146 | 8    |
| 9.  | Airport Shuttle Bus Agreement                                                               | 02-0147 | 8-9  |
| 10. | Contract with the Corporation of The Fine Arts<br>Museums of San Francisco                  | 02-0148 | 9    |
| 11. | Settlement of Unlitigated and Litigated Claims<br>for Fiscal Year 2000/01                   | 02-0149 | 9    |
| 12. | Proposed Exhibition Program Schedule for<br>FY 2002/03                                      | 02-0150 | 9    |
| H.  | NEW BUSINESS:                                                                               |         | 9    |
| I.  | CORRESPONDENCE:                                                                             |         | 9    |
| J.  | CLOSED SESSION:                                                                             |         |      |
|     | Potential Litigation                                                                        |         | 9-10 |
| K.  | ADJOURNMENT:                                                                                |         | 10   |



# AIRPORT COMMISSION MEETING MINUTES

June 18, 2002

## A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

\* \* \*

## B. ROLL CALL:

Present: Hon. Larry Mazzola, Vice President  
Hon. Michael S. Strunsky  
Hon. Caryl Ito

Absent: Hon. Henry E. Berman, President  
Hon. Linda S. Crayton

\* \* \*

## C. ADOPTION OF MINUTES:

The minutes of the regular meeting of June 4, 2002 were adopted unanimously.

No. 02-0138

\* \* \*

- D. ANNOUNCEMENT BY SECRETARY: In accordance with the Brown Act, Jean Caramatti, Commission Secretary announced unanimous adoption of Resolution No. 02-0137 regarding the settlement of an unlitigated claim of United Airlines in the amount of \$25,912.00 at the closed session of June 4, 2002.

\* \* \*

## E. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Mazzola introduced Mr. Ed Gomez, Director, Transportation Safety Administration (TSA).

Mr. Gomez said that he was pleased to be in San Francisco ... a world class city with a world class airport. The TSA sees SFO as one of the industry leaders. SFO takes a proactive approach in anticipating the kinds of things that need to be done, particularly after 9/11.

He thanked Mr. Martin and his staff for welcoming him and his staff to the Airport. An



extremely use and efficient partnership has been forged and we should be able handle whatever problems come up.

He knows that the Commission takes great pride in SFO. He vowed that all of their resources will be available to work with the Airport and to keep the staff apprised of whatever Federal regulations come along so that SFO can anticipate what it will need to comply with those new regulations.

San Francisco will receive the best explosive detection system devices as well as other detection equipment necessary to meet our goal of screening all baggage by November.

He thanked the Commission for welcoming him and said he would always be available.

Commissioner Mazzola welcomed Mr. Gomez and pledged to work with him.

\* \* \*

#### F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

1. Modification No. 5 to Contract No. 4240 for Phase II Environmental Impact Studies for the Runway Reconfiguration Program - URS Corporation - \$5,291,558

|             |                                                                                                                                                                                                                                                                                                                                                                  |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 02-0139 | Resolution approving Modification No. 5 to Contract No. 4240 with URS Corp. for additional technical analyses to compete preparation of SFO's proposed Runway Reconfiguration Program Draft EIS document in an amount not to exceed \$5,291,558, and direct the Commission Secretary to request Board of Supervisors approval pursuant to Charter Section 9.118. |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Mr. Stuart Sunshine, Director, Airfield Development Bureau, said that in 1999 the FAA and the City's Office of Environmental Review, the lead agencies for the Environmental Impact Study (EIS) and the Environmental Impact Report (EIR), selected URS to perform the environmental studies necessary for the preparation of the environmental documents. The Commission awarded the initial contract for baseline studies in June 1999 and expanded the scope in subsequent modifications to include the detailed technical analyses of the potential runway reconfiguration alternatives, and assessment of potential mitigation sites.

In early 2002, the FAA and Airport staff explored the possibility of obtaining Federal funding for the completion of studies and the preparation of the draft environmental documents. As a result, on March 5, 2002, the Commission approved Modification No. 4 to provide the contract interim funding while the FAA processed the grant application. In April the FAA approved the grant and the Commission approved its acceptance on April 29.





This Modification incorporates the Grant into the contract. The amount represents the 75% Federal share for this program.

Due to Federal funding, the contract is subject to Federal DBE regulations. In Modifications 4 and 5 the DBE participation level is at 14%, exceeding the 10% goal established for the Federally funded portion of the contract.

The Commission was presented with an amended resolution for Item No. 2. Item No. 2 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

2. Authorization to Issue a Request-for-Proposals for Management Audits

|             |                                                                                                                                                             |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 02-0140 | Resolution authorizing issuance of a Request-for-Proposals for Management Audits of the Airport Development Bureau and the Tenant/Employee Parking Program. |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|

Mr. John Martin, Airport Director, explained that there is a substitute resolution which calls for an Airport-wide management audit, as well as targeted management audits which will go into greater detail in specific areas. We will return to the Commission at a later date to provide more detail on the specific scope of the audits. Consistent with the Administrative Code and City Charter requirements on competitive bidding, a Request for Proposals will be issued. We believe a number of firms will be interested in this contracting opportunity.

Commissioner Strunsky said that it is important to have a diversity of proposals from competent firms with experience in management audits of large operations.

Mr. Martin anticipated interest from both accounting firms and management consulting firms.

Commissioner Ito supported the resolution and said that our fiscal accountability has been transparent. She believed the public will be pleased to see how responsible our staff has been in terms of fiscal matters.

Ms. Ellen Blair, Save the Bay, asked if this would be in addition to the City audit, or, why this resolution instead of the City audit.

Mr. Martin said that Mr. Bob Rhoades, Deputy Director of Business and Finance could answer Ms. Blair's questions after the meeting.

Item No. 3 was moved by Commissioner Ito and seconded by Commissioner Strunsky. The vote to approve was unanimous.

3. Amendment to the Domestic Terminals Food and Beverage Program Lease

|             |                                     |
|-------------|-------------------------------------|
| No. 02-0141 | Resolution amending the Request for |
|-------------|-------------------------------------|



Qualifications to allow newly formed entities to participate in the Domestic Terminals Food and Beverage Program Lease requirements.

Mr. Bob Rhoades, Deputy Director, Business and Finance explained that at its last meeting the Commission approved the minimum qualifications requirements and the general business terms for the Domestic Terminal Food and Beverage Lease and authorized staff to conduct a pre-qualifications conference. Within the conditions of that approval was the stipulation that companies, individuals or partnerships could not form new entities in order to participate. After further review staff believes that new entities should be allowed so that we have product participation. It will also provide opportunities for smaller companies unable to qualify on their own to partner with a larger company in order to participate.

We are recommending approval to allow newly formed entities of corporations, individuals or partnerships to participate in the qualifications process.

Commissioner Strunsky asked how a "majority partner" is defined.

Mr. Rhoades responded that we view it as 51%. A 51% stakeholder in the new entity must demonstrate that they meet all of the requirements. This will be a very complicated program and it is important that the majority partner have the requisite experience to be successful.

Commissioner Strunsky wanted to avoid problems we have seen in minority contracting situations. He wanted to make sure that the minority partner receives his or her return on capital.

Mr. Rhoades responded that this is not an operator situation; it is purely developer. The operators will be local businesses. Only 20% of the facilities will be open to food and beverage operators outside of the Bay Area. The 51% stakeholder must be a true developer who meets all of the qualifications.

\* \* \*

#### G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 4 through 12, was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

##### 4. Authorization for a Six-Month Trial of Zoom Systems, Inc.'s Vending Kiosks in the In-Transit Lounges of the International Terminal

No. 02-0142

Resolution approving the proposed six-month trial of Zoom Systems, Inc.'s Vending Kiosks in the In-Transit Lounges of the International Terminal.

Commissioner Ito asked for information on the revenue generated at Pittsburgh Airport.



Mr. Rhoades said that he will forward that information

This is sophisticated equipment designed to go into areas such as in-transit lounges where cash or foreign currency exchange is not readily available.

Mr. Gower Smith, Zoom Systems, said that their company is headquartered in San Francisco. They have had wonderful success with this technology. They had \$20 million in equity investment to develop and test the technology. They have installations in JFK, Pittsburgh, Raleigh Durham, Orlando and Los Vegas done in partnership with WHSmith.

The systems are built into store fronts to fill off-hour needs. They often drive traffic into the stores and don't actually serve a complete transaction. They are experiencing about two transactions a day in Raleigh-Durham. It varies depending on location. They are seeing a lot of repeat consumer acceptance.

A better model for the installation is the hotel stores ... Hilton, Sheraton, Ramada. They experience about 25-30 transactions per day with revenues running about \$1,500 to \$2,000 per month ... about three times what the average vending system would yield.

The types of products provided are typically photo and pharmacy ... there about 100 products in the assortment ... snacks, food, travel items, convenience items, personal care items. They can also provide gifts and souvenir items.

This six month trial period will allow them to determine what types of products are accepted and work with Airport staff to gear the product assortment to the needs of the traveler.

The Hilton at Fisherman's Wharf is a good example. The system provides for an on-line secured transaction and accommodates a credit or debit card. All of the data is transmitted back to the central data center.

Commissioner Ito asked what kind of servicing the equipment receives.

Mr. Smith responded that it is monitored and pushes out alerts on performance and stock level. Maintenance is handled locally.

5. Authorization for a Pre-Proposal Conference for a Professional/ Collegiate Team Sports Theme Store in Lease Terminal 3

|             |                                                                                                                                                                                                                     |
|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 02-0143 | Resolution approving proposed proposal requirements and lease specifications, and authorizing staff to conduct a pre-proposal conference for the Terminal 3 Professional/ Collegiate Team Sports Theme Store Lease. |
|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Commissioner Strunsky asked if CalStar can bid on this under the settlement agreement.





Mr. Rhoades responded that CalStar is not prohibited from bidding on any new opportunity.

6. Authorization for a Pre-Proposal Conference for Boarding Area "F" Gifts and Souvenirs Kiosk Lease, a Disadvantaged Business Enterprise (DBE) Set-Aside

No. 02-0144                      Resolution approving the proposed minimum qualification requirements and lease specifications, and authorizing staff to conduct a pre-proposal conference for the Boarding Area "F" Gifts and Souvenirs Kiosk Lease, a Disadvantaged Business Enterprise Set-Aside.

7. Modification No. 2 to Information Booth Program Contract - Polaris/TRG Joint Venture

No. 02-0145                      Modification No. 2 to existing agreement providing Director with discretionary authority to implement the contract renewal date at any time between July 1, 2002 and September 15, 2002 and to request Controller to utilize carry-over funds to maintain existing programs during this period.

8. Replacement Agreement for Childcare Services at PALCARE between San Francisco International Airport and San Mateo County

No. 02-0146                      Resolution authorizing a replacement Agreement between San Mateo County and San Francisco International Airport for use of previously escrowed funds for childcare slots (132) reserved for Airport employees for Fiscal Year 2002/2003.

Ms. Nirmala Dillman, Palcare thanked the Commission and staff for their efforts with regard to Palcare and the difficult cuts that had to be made. They are strong and serving many Airport families and hope to continue do so in the future.

Mr. Martin said that he appreciated Palcare's efforts in serving the Airport community and hopes that funding can be added to Palcare in the future.

9. Airport Shuttle Bus Agreement

No. 02-0147                      Resolution approving a new rate for shuttle bus service for the year commencing January 1, 2002.





Mr. Eric Johnson, Airport Express said that due to the poor economy they oppose any new rate increase for the Airport shuttle bus service.

10. Contract with the Corporation of The Fine Arts Museums of San Francisco - \$162,000

No. 02-0148

Resolution approving a contract for \$162,000 with the Corporation of the Fine Arts Museums of San Francisco (COFAM) for the purpose of providing technical assistance and implementing temporary exhibitions at the San Francisco International Airport for the period July 1, 2002 to June 30, 2003.

11. Settlement of Unlitigated and Litigated Claims for Fiscal Year 2000/01

No. 02-0149

Resolution ratifying the settlement of unlitigated and litigated claims in amounts under \$10,000 each for Fiscal Year 2000/0, for a total amount of \$60,987.57.

12. Proposed Exhibition Program Schedule for FY 2002/03

No. 02-0150

Resolution approving the Exhibition Program Schedule, San Francisco Airport Museum, for FY 2002/03.

\* \* \*

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests to speak from the public.

\* \* \*

I. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

J. CLOSED SESSION:



Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:25 A.M. and the closed session began.

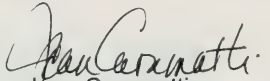
Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:48 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

\* \* \*

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:49 A.M.

  
Jean Caramatti  
Commission Secretary



# SAN FRANCISCO AIRPORT COMMISSION



## MINUTES

**JULY 9, 2002  
SPECIAL MEETING  
9:00 A.M.**

DOCUMENTS DEPT.

JUL 31 2002

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**WILLIE L. BROWN, JR., MAYOR**

## COMMISSIONERS

**HENRY E. BERMAN**  
President

**LARRY MAZZOLA**  
Vice President

**MICHAEL S. STRUNSKY**

**LINDA S. CRAYTON**

**CARYL ITO**

**JOHN L. MARTIN**  
Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT  
SAN FRANCISCO, CALIFORNIA 94128**



Minutes of the Airport Commission Special Meeting of  
July 9, 2002

| CALENDAR<br>SECTION | AGENDA<br>ITEM | TITLE                                                                                                                                                                             | RESOLUTION<br>NUMBER | PAGE  |
|---------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------|
| A.                  |                | CALL TO ORDER:                                                                                                                                                                    |                      | 3     |
| B.                  |                | ROLL CALL:                                                                                                                                                                        |                      | 3     |
| C.                  |                | ADOPTION OF MINUTES:                                                                                                                                                              |                      |       |
|                     |                | Regular meeting of June 19, 2002                                                                                                                                                  | 02-0151              | 3     |
| D.                  |                | ITEMS INITIATED BY COMMISSIONERS:                                                                                                                                                 |                      |       |
|                     |                | Light Rail System Schedule                                                                                                                                                        |                      | 4     |
|                     |                | Budget                                                                                                                                                                            |                      | 4     |
|                     |                | Security Screeners                                                                                                                                                                |                      | 4     |
| E.                  |                | ITEMS RELATING TO ADMINISTRATION,<br>OPERATIONS & MAINTENANCE:                                                                                                                    |                      |       |
|                     | 1.             | Award Contract 4378R - Wastewater Treatment<br>Plant Expansion - S.J. Amoroso Construction                                                                                        |                      | 4-5   |
|                     | 2.             | Modification No. 12 (Closeout) to Contract 5515B<br>- Security and Special Systems, Facility Systems -<br>HSQ Technologies, Inc.                                                  | 02-0152              | 5     |
|                     | 3.             | Modification No. 7 to Professional Services<br>Contract 5700CM - Construction Management<br>Services for AirTrain System - PGH Wong<br>Engineering/Luster Construction Management | 02-0153              | 5-7   |
|                     | 4.             | Modification No. 3 to Contract 5706A - AirTrain<br>Domestic Terminal Stations - Dennis J.<br>Amoroso                                                                              | 02-0154              | 7-8   |
|                     | 5.             | Modification No. 1 to Contract 5001C - Master<br>Plan Landscaping Package 1B, 2 and 3 - Watkin<br>Bortolussi, Inc.                                                                | 02-0155              | 8-9   |
|                     | 6.             | West Field Cargo Area Redevelopment RFQ/P                                                                                                                                         | 02-0156              | 9-10  |
|                     | 7.             | Increase in Taxi Trip Fee                                                                                                                                                         |                      | 10-16 |
| F.                  |                | CONSENT CALENDAR OF ROUTINE<br>ADMINISTRATIVE MATTERS:                                                                                                                            |                      |       |
|                     | 8.             | Approve Lease Extension with US General                                                                                                                                           |                      |       |





|     |                                                                                                                                |                    |       |
|-----|--------------------------------------------------------------------------------------------------------------------------------|--------------------|-------|
|     | Services Administration for Drug Enforcement<br>Administration and Federal Inspection Services<br>Space                        | 02-0157            | 16    |
| 9.  | Award Domestic Terminal Automated Teller<br>Machine Lease A to Wells Fargo<br>and Lease B to Union Bank of California          | 02-0158<br>02-0159 | 16    |
| 10. | Modification No. 2 to Contract 5500.2A -<br>Administrative Offices - Professional Services<br>Agreement - TGA Architects, Inc. | 02-0160            | 16    |
| G.  | NEW BUSINESS:                                                                                                                  |                    |       |
|     | Contract No. 5500J                                                                                                             |                    | 17-18 |
|     |                                                                                                                                |                    | 19    |
|     | ShuttlePort/DAJA                                                                                                               |                    | 18    |
| H.  | CORRESPONDENCE:                                                                                                                |                    | 19    |
| I.  | CLOSED SESSION:                                                                                                                |                    |       |
|     | Potential Litigation                                                                                                           |                    | 3     |
| J.  | ADJOURNMENT:                                                                                                                   |                    | 19    |



# AIRPORT COMMISSION SPECIAL MEETING MINUTES

July 9, 2002

## A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 416, City Hall, San Francisco, CA.

\* \* \*

## B. ROLL CALL:

Present: Hon. Larry Mazzola, Vice President  
Hon. Michael S. Strunsky  
Hon. Linda S. Crayton  
Hon. Caryl Ito

Absent: Hon. Henry E. Berman, President

\* \* \*

## I. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:05 A.M. and the closed session began.

The Commission reconvened its public session at 9:25 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

\* \* \*

## C. ADOPTION OF MINUTES:

The minutes of the regular meeting of June 19, 2002 were adopted unanimously.

No. 02-0151

\* \* \*



D. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Strunsky asked if the Light Rail System will be operating in September.

Mr. John Martin, Airport Director responded that we are on schedule for September operation.

Commissioner Strunsky said that he is concerned that we maintain a balanced budget in light of the absence of a resurgence of travel in the United States. He suggested that we develop a process to look at our revenues ... even on a weekly basis ... so that we can immediately adjust our expenditures and avoid a cash flow crunch.

Mr. Martin responded that we have a balanced budget for this fiscal year and it is based on conservative estimates of passenger traffic. We recognize that the economy is not recovering in the way most experts thought it would.

More frequent reports on our budget status will be provided to the Commission.

Commissioner Ito congratulated Mr. Martin on SFO being chosen as one of the five airports to be exempted from the federalization process of security screeners. She was uncertain as to whether there would be a new private company overseeing our screeners, or, would the current companies be retained?

Mr. Martin responded that by mid December all screeners must be U.S. citizens. The TSA will be issuing a request for proposals to select one contractor to operate all security checkpoints at the Airport beginning by mid November. Screeners who are not yet citizens have until mid-November to complete the citizenship process.

Commissioner Ito noted that Argenbright's contract was discontinued in many airports and asked if they were disbarred from providing security all airports?

Mr. Martin responded that Argenbright continues to provide screening services at certain airports, including Terminal 3 at SFO. The TSA recognizes that Argenbright has done a good job at SFO. He understands that Argenbright will not be allowed to operate security screening services after mid December and they will not be allowed to bid on the request for proposals.

\* \* \*

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was put over without discussion.

1. Award of Contract No. 4378R - Wastewater Treatment Plant Expansion - S.J. Amoroso Construction Co., Inc. - \$36,727,750

Resolution awarding Contract 4378R, Wastewater Treatment Plant Expansion, to the lowest responsible bidder, S.J. Amoroso Construction Co., Inc. in the amount of \$36,727,750.



Mr. Martin announced that anyone who had wished to address the Commission on this item can do so at the end of the calendar under "New Business", which is the public comment portion of the calendar, or, wait until the next Commission meeting when the item will again appear on the calendar.

Item No. 2 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

2. Modification No. 12, the Closeout Modification to Contract No. 5515B - Security and Special Systems, Facility Systems - HSQ Technologies, Inc. - \$2,028,741

|             |                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 02-0152 | Resolution approving Modification No. 12 (Closeout) to Contract 5515B, Security and Special Systems, Facility Systems, with HSQ Technologies, Inc., in the amount of \$2,028,741 for work related to design changes to facilitate construction. The revised total contract amount will be \$36,020,000. Funding sources are transfers from other Master Plan Projects and Program Reserve. |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Mr. Ivar Satero, Bureau of Design and Construction, explained that this modification provides for design changes to facilitate construction as well as the final reconciliation of allowances and final adjustments for costs for acceleration that were incurred to support the opening of the new International Terminal.

Through this modification the contractor achieved a 14.2% MBE / 10.8% WBE participation. The goal for this contract was 8% and 2% respectively.

Funding for this modification was from budget transfers and program reserve. These costs were included in the forecast presented to the Commission previously.

Commissioner Strunsky asked Mr. Satero if he was happy with the system.

Mr. Satero responded that they were satisfied with the outcome. FOM's participation in particular contributed to its success.

Commissioner Strunsky asked if this is where we act as our own telephone company.

Mr. Satero responded that there is a lot of infrastructure that is part of that.

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Modification No. 7 to Professional Services Agreement - Contract No. 5700CM - Construction Management Services for the AirTrain System - PGH Wong





Engineering/Luster Construction Management - \$2,644,367

No. 02-0153

Resolution approving Close-out Modification No. 7 to Professional Services Contract 5700CM, Construction Management Services for the AirTrain System, with PGH Wong Engineering/ Luster Construction Management in the amount of \$2,644,367 for a proposed new total contract amount not to exceed \$32,847,364. This modification is for continued construction management services through to completion and close-out of the various construction contracts required for the implementation of the Airport's AirTrain system and for construction management support of the Airport's oversight of its contribution to the BART systems-related costs of the BART-SFO Extension Project. The funding sources are from the project budget, Capital Improvement Project funds and the Airport's "up to \$200 million" contribution to the BART-SFO Extension Project, with no impact to the Master Plan Budget. This Modification will be submitted to the San Francisco Board of Supervisors for approval pursuant to City Charter Section 9.118(b).

Mr. Satero explained that this close out modification includes Construction Management services for the various AirTrain related projects, as well as CM oversight for the Airport's contribution to BART as part of the systems related costs of the BART-SFO extension. This modification will take us through to close out of the contracts and completion of the punch lists.

The consultant, PGH Wong/Luster, has achieved MBE/WBE participation of 20.4% and 1.6% respectively, compared to the HRC goals of 17% and 3%.

Funding will come from the project budget, CIP funds, and the Airport's contribution to the BART-SFO extension. These costs have been included in the forecast previously presented to the Commission.

Commissioner Strunsky asked why this contract has to go before the Board of Supervisors.

Mr. Satero explained that professional services related to construction have recently been determined to require Board of Supervisors approval when the \$10 million threshold is reached. Since previous modifications brought this contract well in excess of \$10 million, this modification must be forwarded to the Board of Supervisors for approval.

Commissioner Strunsky said that he would agree if we were looking at design functions. This is construction management.



Ms. Mara Rosales, Airport General Counsel explained that on May 30, 2002 the City Attorney advised the Board of Supervisors that construction management, architectural/engineering, design and other professional services contracts related to construction were subject to Board of Supervisors approval if they exceeded \$10 million when first entered into, or, during the life of the contract upon modification.

Commissioner Strunsky asked if we had a basis for that analysis.

Ms. Rosales responded that it is a written opinion. The Charter contains an exception for construction contracts which are exempt from Board of Supervisors review. The City Attorney read the phrase "construction contract" narrowly to include only hard construction costs, not professional services.

Commissioner Mazzola asked if there is a time frame within which the Board has to act.

Ms. Rosales responded that the Board is not obligated to act within a certain period of time, but in the normal process. Once approved by the Commission, the item is forwarded to the Board of Supervisors and calendared within the normal course of business.

Commissioner Crayton felt that since we have not been obtaining Board of Supervisors approval on these contracts that this contractor is at a disadvantage. She asked if we have any recourse. These contracts have been around for a while and there was no warning about this. We don't know if these modifications will sit in front of the Board, or if they will be acted on immediately.

Ms. Rosales responded that the City Attorney opined that contracts that have been entered into previous to the opinion, that have not received Board of Supervisors approval, are valid contracts. With respect to modifications that bring the contract in excess of \$10 million, those contracts must go to the Board. Any contract modification exceeding \$500,000 also requires Board of Supervisors approval.

Commissioner Ito asked what the balance was of the "up to \$200,000,000" commitment to the BART-SFO project.

Mr. Satero responded that the uncommitted amount was approximately \$6.5 million. BART has requested that we review for eligibility additional cost centers that may further reduce the \$6.5 million. We are doing very well.

Commissioner Strunsky commented that the Board is going to penalize contractors, many of whom, in one way or another, are disadvantaged.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

4. Modification No. 3 to Contract No. 5706A - AirTrain Domestic Terminal Stations  
Dennis J. Amoroso Construction Co., Inc. - \$1,795,645



No. 02-0154

Resolution approving an increase to the Contract 5706A, AirTrain Domestic Terminal Stations, with Dennis J. Amoroso Construction Co., Inc. in the amount of \$1,795,645 for a new contract value of \$32,969,500 for additional work for the contract. Funding will be provided from budget transfer and from existing project budget with no impact to the Master Plan Budget.

Mr. Satero explained that this modification provides for changes required to facilitate construction. It also provides various changes to the Concourse H facility which are necessary to support the opening of AirTrain.

Through this modification the contractor will have achieved a combined 12.5% MBE/WBE participation. The HRC accepted a goal of 10.2% at the time of award.

Funding will be provided from budget transfers from other projects, as well as project contingency. The costs for this modification have been included in previous forecasts submitted to the Commission.

Item No. 5 was moved by Commissioner Ito and seconded by Commissioner Crayton. The vote to approve was unanimous.

5. Modification No. 1 to Contract 5001C. - Master Plan Landscaping Package 1B, 2 and 3 - Watkin Bortolussi, Inc., - Reduction in Services in the Amount of \$2,776,500

No. 02-0155

Resolution approving Modification No. 1 to Contract 5001C, Master Plan Landscaping Package 1B, 2 and 3 with Watkin Bortolussi, Inc., reducing construction services in the amount of \$2,776,500 for a new contract value of \$2,221,700, by deleting portions of original construction scope. This project has previously been funded from Airport's Capital Improvement Program.

Mr. Satero explained that in order to reduce the budget requirements for this contract a determination was made to reduce significant portions of the contract amounting to \$2,776,500. This modification will allow us to implement the critical elements of the Master Plan landscaping that we are committed to provide through various agreements with local communities.

Through this modification the MBE/WBE participation will be 10%. The original goal for this contract was 8%.

Funding is provided through Capital Improvement Project funds. These costs have been included in previous forecasts presented to the Commission.





Commissioner Strunsky commented that this reduction will affect how our Airport will look. Landscaping is an important architectural feature of our Airport. He hoped that we are equally careful in determining where expenditures are made so that we aren't giving up these actual plantings and the appearance of our Airport for some wild goose chase.

Mr. Martin explained that the plan worked out by Mr. Jackson Wong, Mr. Ernie Eavis and Mr. Satero will allow all of the redwood trees to be planted. A lot of the work will be done by the Airport landscaping staff. It will take a little longer but it is a creative solution to our economic constraints. He complimented the staff for coming up with this creative plan.

Mr. Satero added that some work in the remote areas will be deferred but the entrance will be taken care of .. from South of the San Bruno interchange to Millbrae.

Mr. Martin added that when complete this will be the best landscaped stretch of 101 from San Francisco to San Jose.

Item No. 6 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

6. West Field Cargo Area Redevelopment - RFQ/P

|             |                                                                                                                                                                                                                                                                                                                                              |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 02-0156 | Resolution requesting authorization to: 1) approve a Short List of Best-Qualified Entities (the "Short List") to participate in the Request for Proposals ("RFP") phase of the West Field Cargo Area Redevelopment Project; 2) approve the Proposed Business terms of the RFP, and 3) to authorize staff to issue the RFP to the Short List. |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Mr. Leo Fermin, Business and Finance explained that the Commission approved a request for qualifications for the third party development of the West Field Cargo area in April of this year. This site consists of approximately 26 acres and houses the older cargo buildings ... 5, 6 and 7. This project seeks a developer to finance and develop approximately 325 sq. ft. of cargo facilities from the existing 190,000 sq. ft. that exist today.

On May 9, 2002, six submittals of qualifications were received. An RFQ panel assessed the submittals and now recommends that the four highest scoring groups be approved for a short list of proposers to be invited to submit proposals.

This resolution approves the short list, the issuance of the RFP, and the proposed key business terms of the project which include a 30 year operating lease after the construction period, a minimum annual guarantee of \$3.6 million during construction and a minimum annual guarantee of \$4.1 million during operation. The rent structure with these proposed minimum annual guarantees





will be proposed by each proposer. The developer will secure all financing related to this project, and the Airport will charge a one time lease disposition and development agreement fee of \$300,000 which will be credited back to the lease payment upon completion of construction. We also have a 30% local business enterprise goal for this project.

We expect to receive proposals from parties on the short list in October, a recommendation for the selection of a developer in November, and construction completed in December 2006.

Commissioner Strunsky suggested that there needs to be a plan for a catastrophe or terrorism. He wants the ability to take this area back to operate it for a different use in the event we encountered loss of terminal space for one reason or another.

Mr. Martin responded that there is a buy out provision that can be utilized for any reason.

Item No. 7 was moved by Commissioner Crayton but failed to receive a second. No action was taken.

7. Increase in Taxi Trip Fee

Resolution increasing the Taxi Trip Fee for San Francisco-based and non-San Francisco-based taxicabs to \$4.00 for standard trips and \$2.00 for short trips.

Mr. Martin explained that the Board of Supervisors recently approved a taxi trip pass-through in the amount of \$2.00 paid by passengers who originate at the Airport.

San Francisco taxi drivers currently pay \$3.25 every time they enter the taxi dispatch area. There is no fee today for short trips. Our proposal increases the taxi trip fee to \$4.00 for standard trips and \$2.00 for short trips. The drivers will recover \$2.00 from passengers to cover a portion or all of that fee. The net impact is that drivers, who in the past had been paying \$3.25 per trip total cost; will now pay \$2.00 per trip into San Francisco, for a \$1.25 benefit to the drivers.

This is what we had always intended to do. We made it clear to the Board of Supervisors and the Taxi Commission. This plan will generate over \$1 million in revenue and is part of our balanced budget plan. These fees will go into effect on August 1.

Mr. Barry Taranto said that the trip fee was just implemented on July 1<sup>st</sup> and he was surprised that this item came before the Commission so soon. This has to be explained to the drivers and passengers. Vehicles have to be equipped with the proper rates cards and the dispatchers need to educate the public about it.



The Commission needs to look at other ways of collecting revenue so that the drivers can enjoy this pass through and have time to become educated on it.

Drivers going to San Bruno, Millbrae, So. San Francisco, Daly City, and surrounding areas are guaranteed a \$2.00 tip which covers the pass through. Wait until people are used to the pass-through fee.

He suggested coming up with alternatives such as going back to the system of one long and one short, as opposed to two shorts and one long. Many drivers have abused the system by coming back on a short from a long distance. This creates an overabundance of shorts and reduces the Airport's revenue.

Mr. Martin noted that the \$2.00 pass-through began on July 1<sup>st</sup> even though the fees have not been raised.

Ms. Rua Graffis, United Taxicab Workers, said that this would not be a win for the drivers. Cab driver business has gone down 40% to 70%, depending on the shift, yet the fees they paid to the cab companies during the dot com economy have not gone down. This modest pass-through is the only ray of economic light the cab drivers have received in the last year. It took two years and meeting with 20 different groups to get this passed.

She asked the Commission not to adopt this increase.

Mr. Mark Gruber, cab driver, said that taxi pick ups for the first quarter of this year were down 30% over last year. It is slightly better for the second quarter, but still far below last year.

At \$4.00, San Francisco will have the highest fee of any of the 21 busiest U.S. airports for taxi exists. At only two of those 21 airports does the driver pay anything at all. Atlanta pays 50 cents. Orlando is the only comparable airport at \$2.50. None of the other airports charge the driver. This was hammered out over many meetings. It has only been in effect eight days and the Airport is seeking to change the equation. The Airports financial problems should not be on the backs of the drivers.

If the fee is going to be raised they want to go back to the Board and have it passed on to the passengers.

He asked the Commission not to approve this.

Murai, a permit holder and driver, said she works at the Airport and is one of the few drivers who does not complain about the shorts. It is absurd that the drivers are having to pay out of pocket. Their last meter raise was in 2000. Drivers have sustained a 40% loss of income. The only ray of hope during this time was not having to pay for the shorts.

She is happy to take the shorts, but would be a lot happier if she got to keep the \$2.00 and add it to her tip. It is extremely insulting that anyone would think that a driver is helped by a \$1.25 a day.



There are many other ways for the Airport to generate revenue. The drivers deserve respect. If this passes and she feels that she has no value at the Airport she will stay in the City.

She asked the Commission to put this over.

Ms. Norma Geer, cab driver, said that she likes the short trips but the fees make a difference. She is seeking other employment ... she taught school for two years and she is thinking of returning and getting a masters degree.

Business is down and the cab industry is not a cash cow. The drivers are demoralized and beleaguered by fees, surcharges, and taxes. Their income is slipping. They have no retirement or health insurance. She feels that she has wasted her life in the industry. Everything is being taken from them.

Mr. Zareh Soghikian said that he has been a cab driver in San Francisco for over 20 years. The purchasing power of what he earned back in 1970 and what he earns now is down about 40%.

The cab drivers have been suffering since before September 11. No other airport in the U.S. charges cab drivers; any fees are paid by the passengers.

Ms. Tara Housman said that in November of last year they were notified that ShuttlePort/DAJA would be cutting back the number of taxi stands by 50%, thereby cutting back by 50% the opportunities for passengers. Two cab stands were eliminated. It was not for security reasons, as was originally thought, but to save ShuttlePort/DAJA money. The number of hours their starters worked were cut by more than 51 man hours a day.

The elimination of cab stands has forced disabled passengers to walk 595 feet more to get a cab. Cab drivers fees did not go down in accordance with the drop in DAJA's fees and reduction in their service.

The hurt needs to be spread around.

Mr. Barry Korengold, cab driver, agreed with the previous speakers. He said that there are days when he makes less than minimum wage. They have to buy their own health insurance, they have no retirement plan, they have no union.

He complained about ShuttlePort, claiming that during periods of long passenger lines waiting for cabs, the drivers are sent into the garage in order to pay their \$3.25 rather than being sent to pick up passengers. There needs to be some kind of rule allowing drivers to go directly to the taxi stands when long lines of passengers are waiting rather than being sent to the garage. Limousines are not regulated in the same way.

Mr. Martin expressed his appreciation for the wonderful job the drivers do, their willingness to handle the short trips, and to work overtime. The plan all along was to raise the fee to \$4.00 to get closer to cost recovery, not achieve full cost recovery. Without the Airport's support neither the Taxi Commission nor the





Board of Supervisors would have supported the pass-through. The Airport actively supported the pass-through, believing it was fair, but stated all along that the fee would be raised to \$4.00 to get closer to cost recovery. No one in the taxi industry ever said that they wanted two months, or three months, or six months, or even one month free before the fees were raised to \$4.00. This one month of unexpected benefit is truly unexpected.

The driver's bottom line will benefit ... their net cost will drop from \$3.25 to \$2.00. He is very surprised by the comments made today in light of all of the previous discussions held where it was made very clear that this was the plan.

Commissioner Strunsky asked Mr. Martin if he was saying that when the cab drivers got the \$2.00 out of the Board of Supervisors that they knew at the time that the rate was going up to \$4.00.

Ms. Alice Sgourakis, Landside Operations, responded that the Airport has been working with the taxi industry for two years. It was always very clear that the trip fee would go up.

Commissioner Ito asked if there was an effort to increase our fee at the same time as the pass through was implemented.

Ms. Sgourakis responded that since it took so long to get through the Board of Supervisors it was difficult to anticipate when it would be approved. We should have increased the trip fees on July 1 when the pass through went into effect.

Commissioner Strunsky asked what the Board's rationale was in making it \$2.00 rather than \$4.00.

Ms. Sgourakis responded that she could not speak for the Board or the Taxi Commission but assumed that the idea was to split the fee between the drivers and the passengers

Commissioner Ito asked what the standard was nationally.

Ms. Sgourakis responded that she did not have the numbers in front of her. SFO has been behind other airports in sharing costs with the passengers.

Commissioner Strunsky said that he thought the numbers were right. He spoke to the Director about this and they both felt that the \$2.00 pass-through was for each way ... that would have given the drivers the full \$4.00. He would have been in favor of that.

Ms. Sgourakis said that it was for trips originating at the Airport. If we raise the trip fees above \$4.00 in the future ... say to \$4.50 ... would the pass through amount change as well? She did not believe that was included in the legislation approved by the Taxi Commission. We need to look at that.

Commissioner Strunsky said that we need to go back to the Board of Supervisors to understand their logic. He is reluctant to pass this today.





Mr. Martin responded that he would be happy to report back to the Commission on the thinking of the Board of Supervisors and the Taxi Commission. They are the ones who determine the pass through. But, this is needed to balance the Airport's budget. This was the plan for the past two years. We worked in good faith very actively to get this through.

Commissioner Mazzola commented that he feels like a vulture waiting for this to pass to get his share.

When we had problems with the janitors and security guards we worked it out. Is there a way we can defer this to the first of the year?

Mr. Martin responded that he will have to make other cuts in the budget. The cost to the driver is being reduced from \$3.25 to \$2.00. In his view we made a mistake ... this should have been in place on July 1. It was the plan all along. The drivers are coming out ahead.

Commissioner Strunsky told Mr. Martin that he was too generous. This is a Board of Supervisors issue. The Board of Supervisors is taking it out on the cab drivers. This is not money that comes out of the City coffers. It comes out of the passengers. It is done in every other city in the world.

Mr. Martin responded that the Board of Supervisors has had an anti-pass through policy for many years. We made progress in getting the \$2.00 fee. If the Commission wants him to report back to the Board that the Airport would like to see it increased, he will do it. In the meantime, he strongly urged the Commission to approve this in order to balance the budget.

Ms. Sgourakis commented that the Board of Supervisors was acting on the recommendation of the Taxi Commission for the \$2.00.

Commissioner Crayton commented that she was rather concerned about the timing of the two. She assumed that it took more than three or four months to obtain Board approval. The drivers have less than a month to realize any benefit of the pass-through.

Mr. Martin interrupted Commissioner Crayton and said that they will realize a benefit immediately in the amount of \$1.25 per trip.

Commissioner Crayton said that the timing was unfortunate. She was not sure if this was moved back a month what that would do.

Mr. Martin repeated that this should have taken effect on July 1. That is what the Taxi Commission understood and it is what the Board of Supervisors was told.

Commissioner Ito asked if the Board approved the \$2.00 on the recommendation of the Taxi Commission.

Mr. Taranto responded that the \$2.00 was a negotiation between the Airport



and the taxi drivers organization. The amount stuck in everyone's head and Supervisor Gavin Newsom accepted it. The Taxi Commission was presented with the \$2.00 and did not argue the point. The issue was whether there had to be a pass-through or not. The dollar amount was never part of any discussion.

Commissioner Mazzola said that the fact is that the Taxi Commission gave the \$2.00 to the Board.

Mr. Taranto responded that the Board of Supervisors first asked for approval by the Taxi Commission. The Board of Supervisors might have approved this without approval of the Taxi Commission, but they wanted it. It then went to the City Attorney's Office where it sat for many months. From there it went to the Finance Committee where it was approved.

There was a comment from the audience that the short trip was never mentioned.

Commissioner Mazzola asked how we pursue Commissioner Strunsky's suggestion that the Board of Supervisors revisit this.

Mr. Martin responded that if it is the Commission's consensus to pursue the full \$4.00 pass through, we will do that.

Commissioner Crayton added that Mr. Martin can also discuss this with the Taxi Commission. It is unfortunate that no exact dollar amount was mentioned and that the short trip fee was mentioned, however, we do need to move forward with this.

Commissioner Strunsky said that Supervisor Peskin has been very interested in our finances and this is a perfect time to come to our aid without costing the City any money. The Board can approve a \$4.00 pass through ... \$2.00 each way ... which will allow us to raise our operating fee without taking it out on the backs of the taxi drivers.

Mr. Korengold, said that it took us two years to get the pass through ... give us two years before our fees go up.

Commissioner Mazzola responded that the Airport worked with the taxi industry to get that pass through. This Commission is in favor of it. But, we also have to have an income.

Mr. Martin agreed to return to the Commission with a resolution asking the Board of Supervisors for a higher pass-through.

Commissioner Mazzola noted that the short trips were not discussed during negotiations.

Mr. Martin responded that it is in the legislation prepared by the City Attorney's Office and approved by the Board of Supervisors. It was always our intention to impose the \$2.00 fee to the shorts.



Mr. Martin commented that if we don't charge the \$2.00 pass-through, how can the drivers charge passengers a \$2.00 pass through when there is no fee they are passing through? It would be a tax the drivers are charging passengers.

We are working with cab companies to make sure that the drivers have fliers and notices in each cab regarding this pass through.

Commissioner Ito felt that the Taxi Commission doesn't need to work in a vacuum. They have the focus of the taxi industry but because that business impacts operations at the Airport they should be working more closely with the Airport to be sure that whatever they support, or not object to, was clear.

Commission Crayton felt that it was clear.

\* \* \*

#### F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 8 through 10, was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

8. Approve Lease Extension with the U.S General Services Administration for the Drug Enforcement Administration (DEA) and Federal Inspection Services Space

|             |                                                                                                                                                                                                                                                                      |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 02-0157 | Resolution approving and authorizing the execution of an extension of Lease GS-09B-21384 with the United States General Services Administration for the Drug Enforcement Administration in Terminal 3 and Federal Inspection Services in the International Terminal. |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

9. Award of Domestic Terminal Automated Teller Machine Lease A and B Lease A - Wells Fargo - Lease B - Union Bank of California

|                            |                                                                                                                                       |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| No. 02-0158<br>No. 02-0159 | Resolution awarding Automated Teller Machine Lease A to Wells Fargo and Automated Teller Machine Lease B to Union Bank of California. |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------|

10. Modification No. 2 to Contract No. 5500.2A - The Administrative Offices - Professional Services Agreement - TGA Architects, Inc. - \$50,000

|             |                                                                                                                                                                                                                                                                                                            |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 02-0160 | Resolution approving an increase to professional services fees in the amount of \$50,000 for a new contract value of \$433,000, to closeout this contract for full architectural and engineering services for the new Airport Administrative Offices. Funding is available in the existing project budget. |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|





## G. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Mr. John Capener, Dillingham Construction, said that Dillingham Construction was the general contractor for Contract No. 5500J. Brayer Electric was one of the leading subcontractors on the project.

The project had three major elements ... a utility tunnel connecting to the International Terminal, column supports for AirTrain, and a new building that connected Terminal 3 to the new International Terminal.

The Contract suffered many changes. It had design problems, differing site conditions, owner-directed resequencing of the project, and destruction of the project schedule to allow the utility tunnel to open earlier than planned to accommodate the Airport, and other changes in the project.

In spite of the changes, the project was completed in late 1999.

Although many of the changes were being discussed, and although entitlement was recognized on many of the unresolved issues, discussions were on-going at the time to try to quantify those changes. Discussions with respect to those outstanding issues were stopped in late 1999. He understands that that was at the direction of the City Attorney's Office.

Litigation commenced on the project. In conjunction with that, mediation was held earlier in the year and although the mediation was unsuccessful in terms of resolving the issue, it was successful in terms of the parties beginning to communicate and beginning to share information to see if we could reach some agreement with some of the parties.

However, as of a couple of weeks ago he was told that communication was to cease between the Airport and the contractors, again, at the insistence of the City Attorney's Office.

As of July, 2002 final contract balances have not been paid, retention has not been released, there is no communication. The only path is to litigate.

Dillingham is experienced and capable. They delivered a good project to the Airport. Dillingham and its contractors know that litigation is the worst way to resolve outstanding disputes. But that is the path they are on. For the record, Dillingham and its subcontractors are opposed to litigation. They don't want to litigate these issues with 5500J, but in the absence of communication of any kind, that is the path they are on.

Is the Airport Commission aware of what is going on with Contract 5500J? Why is the





outstanding disputes. But that is the path they are on. For the record, Dillingham and its subcontractors are opposed to litigation. They don't want to litigate these issues with 5500J, but in the absence of communication of any kind, that is the path they are on.

Is the Airport Commission aware of what is going on with Contract 5500J? Why is the Airport Commission choosing to litigate these issues? Why aren't the principles ... Dillingham, its subcontractors and the Airport ... allowed to continue discussions to see if these issues can be resolved short of litigation?

Mr. Ted Brayer, Brayer Electric, representing the other subcontractors, said that he addressed the Commission on this issue at the end of last year to find out what could be done. The overall job had been extended 250 working days. There were complications.

Brayer Electric has been in business for 75 years. During that period of time there have been two litigations ... the first with the City and County of San Francisco, and the second one is pending with the Airport.

Ms. Mara Rosales, Airport General Counsel said that we are in litigation and it would be inappropriate to discuss the issues here. She is meeting with the City Attorney regarding this issue after this meeting. The Commission was briefed some time ago. Another briefing can be arranged in a future closed session.

Commissioner Mazzola suggested scheduling this for closed session. Settlement talks go on all the time during litigation. He would be disappointed to hear that it has stopped.

Mr. Barry Taranto thanked the Commission for focusing on taxi service in the face of its security problems.

There were cutbacks to the contract with ShuttlePort/DAJA on May 1<sup>st</sup> with resulting ramifications. ShuttlePort/DAJA's reaction to the problems was less than appropriate. He is meeting later this week with Keith Aganon to try to iron out these issues. The main concern is the open lot at 1:00 A.M. and cab drivers who like to buck the system. ShuttlePort/DAJA has done a poor job, particularly Emma Perez. She needs to be retrained. She has failed to solve the problems even though he has mentioned them to her many times.

Commissioner Strunsky asked if Mr. Taranto was saying that cab drivers were cheating the system? Were they coming off the freeway and avoiding the system?

Mr. Taranto responded that they were. The ShuttlePort/DAJA staff at open lot goes away. Then the Police show up. Sylvia Harper, a Commander with the Police Department, is very rational. She has come up with solutions. ShuttlePort/DAJA has just tried to shove this under the carpet.

Commissioner Mazzola asked Mr. Taranto to brief Airport staff on his talks with ShuttlePort/DAJA

Commissioner Ito said that we knew that when ShuttlePort/DAJA's contract was reduced there would be an impact to service. This feedback is important.



Commissioner Mazzola said that this issue will be brought back to the Commission in closed session. The Commission will urge that talks continue, if possible.

\* \* \*

H. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 11:00 A.M.

  
Jean Caramatti  
Commission Secretary



# SAN FRANCISCO AIRPORT COMMISSION



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## MINUTES

**JULY 12, 2002  
SPECIAL MEETING**

**9:00 A.M.**



**ROOM 400 - CITY HALL  
400 VAN NESS AVENUE  
CITY AND COUNTY OF SAN FRANCISCO**

**WILLIE L. BROWN, JR., MAYOR**

## COMMISSIONERS

**HENRY E. BERMAN  
President**

**LARRY MAZZOLA  
Vice President**

**MICHAEL S. STRUNSKY**

**LINDA S. CRAYTON**

**CARYL ITO**

**JOHN L. MARTIN  
Airport Director**

**SAN FRANCISCO INTERNATIONAL AIRPORT  
SAN FRANCISCO, CALIFORNIA 94128**



Minutes of the Airport Commission Special Meeting of  
July 12, 2002

| CALENDAR<br>SECTION | AGENDA<br>ITEM | TITLE                | RESOLUTION<br>NUMBER | PAGE |
|---------------------|----------------|----------------------|----------------------|------|
| A.                  |                | CALL TO ORDER:       |                      | 2    |
| B.                  |                | ROLL CALL:           |                      | 2    |
| C.                  |                | CLOSED SESSION:      |                      |      |
|                     |                | Potential Litigation |                      | 2    |
| D.                  |                | ADJOURNMENT:         |                      | 2    |





# AIRPORT COMMISSION SPECIAL MEETING MINUTES

July 12, 2002

## A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

\* \* \*

## B. ROLL CALL:

Present:

Hon. Henry E. Berman, President  
Hon. Larry Mazzola, Vice President  
Hon. Michael S. Strunsky  
Hon. Linda S. Crayton  
Hon. Caryl Ito

\* \* \*

## C. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

The public meeting was recessed at 9:01 a.m. and the closed session began.

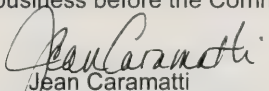
Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 10:10 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

\* \* \*

## D. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:11 A.M.

  
Jean Caramatti  
Commission Secretary



# SAN FRANCISCO AIRPORT COMMISSION



## MINUTES

**JULY 23, 2002**  
**SPECIAL MEETING**  
**9:00 A.M.**

 **ROOM 408 - CITY HALL**  
**400 VAN NESS AVENUE**  
**CITY AND COUNTY OF SAN FRANCISCO**

**WILLIE L. BROWN, JR., MAYOR**

## COMMISSIONERS

**HENRY E. BERMAN**  
**President**

**LARRY MAZZOLA**  
**Vice President**

**MICHAEL S. STRUNSKY**

**LINDA S. CRAYTON**

**CARYL ITO**

**JOHN L. MARTIN**  
**Airport Director**

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Minutes of the Airport Commission Special Meeting of  
July 23, 2002

| CALENDAR<br>SECTION | AGENDA<br>ITEM | TITLE                                                                                                                            | RESOLUTION<br>NUMBER | PAGE  |
|---------------------|----------------|----------------------------------------------------------------------------------------------------------------------------------|----------------------|-------|
| A.                  |                | CALL TO ORDER:                                                                                                                   |                      | 3     |
| B.                  |                | ROLL CALL:                                                                                                                       |                      | 3     |
| C.                  |                | ADOPTION OF MINUTES:                                                                                                             |                      |       |
|                     |                | Special meeting of July 9, 2002                                                                                                  | 02-0161              | 3-4   |
| D.                  |                | SPECIAL ITEMS:                                                                                                                   |                      |       |
|                     | 1.             | Naming of the "Berman Reflection Room"                                                                                           | 02-0162              | 4     |
|                     | 2.             | Retirement Resolution - William Mohr                                                                                             | 02-0163              | 4     |
| E.                  |                | ITEMS INITIATED BY COMMISSIONERS:                                                                                                |                      |       |
|                     |                | Board of Supervisors Legislation                                                                                                 |                      | 4-5   |
| F.                  |                | POLICY:                                                                                                                          |                      |       |
|                     | 3.             | Modification to Aviation Library and Museum<br>Special Event Policy                                                              | 02-0164              | 5     |
| G.                  |                | ITEMS RELATING TO ADMINISTRATION,<br>OPERATIONS & MAINTENANCE:                                                                   |                      |       |
|                     | 4.             | Taxi Trip Fee Increase                                                                                                           |                      | 6     |
|                     | 5.             | Full Taxi Trip Fee Pass-Through                                                                                                  |                      | 6     |
|                     | 6.             | Award Contract 4378R - Wastewater Treatment<br>Plant Expansion - S.J. Amoroso                                                    | 02-0165              | 6-9   |
|                     | 7.             | Modification No. 3 to Contract 5703A - AirTrain<br>Operating System - ABB Daimler - Benz<br>Transportation (N.A.) A.k.a. Adtranz | 02-0166              | 9-11  |
|                     | 8.             | Approve Short List of Qualifiers for Domestic<br>Terminals Food and Beverage Lease                                               | 02-0167              | 11-12 |
| H.                  |                | CONSENT CALENDAR OF ROUTINE<br>ADMINISTRATIVE MATTERS:                                                                           |                      |       |
|                     | 9.             | Modification No. 1 to Public Parking Facilities<br>Operating Agreement - AMPCO System<br>Parking                                 | 02-0168              | 12    |



|     |                                                                                                                                                                                  |         |    |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|----|
| 10. | Modification No. 2 to Contract 4313 - As-needed<br>Environmental Signage/Graphic Design<br>Services - Ilium Associates                                                           | 02-0169 | 12 |
| 11. | Award DVD Rental Lease to InMotion Pictures                                                                                                                                      | 02-0170 | 12 |
| 12. | Approve Lease Specifications and Minimum<br>Qualifications for Boarding Area F Hub Handbag<br>And Accessories Store Lease                                                        | 02-0171 | 13 |
| 13. | Approve Lease Specifications and Minimum<br>Requirements for Terminal 3 Discretionary<br>Concession Opportunity                                                                  | 02-0172 | 13 |
| 14. | Approve Lease Specifications and Minimum<br>Requirements for Terminal 3 Specialty Retail<br>Store Lease                                                                          | 02-0173 | 13 |
| 15. | Bid Call - Contract 8171 - Terminal 3 Frontage<br>Extension                                                                                                                      | 02-0174 | 13 |
| 16. | Modification No. 3 to Professional Services<br>Contract for Pre-employment Psychological<br>Evaluations for Security Classifications -<br>Law Enforcement Psychological Services | 02-0175 | 13 |
| 17. | Approve Sublease with U.S. Government for<br>Office Space at 245 So. Spruce Avenue                                                                                               | 02-0176 | 14 |
| 18. | Modification No. 2 to Legal Services Agreement<br>for Master Plan/Phase B Contract & Airline Lease<br>and Use Contract - Morrison & Foerster                                     | 02-0177 | 14 |

|    |                                                       |       |
|----|-------------------------------------------------------|-------|
| I. | NEW BUSINESS:                                         |       |
|    | ShuttlePort/DAJA                                      | 14    |
| J. | CORRESPONDENCE:                                       | 14-15 |
| K. | CLOSED SESSION:                                       |       |
|    | Pending Litigation: Dillingham Construction v<br>CCSF | 3     |
|    | Potential Litigation                                  | 3     |
| L. | ADJOURNMENT:                                          | 15    |





# AIRPORT COMMISSION SPECIAL MEETING MINUTES

July 23, 2002

## A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 408, City Hall, San Francisco, CA.

\* \* \*

## B. ROLL CALL:

|          |                                    |
|----------|------------------------------------|
| Present: | Hon. Larry Mazzola, Vice President |
|          | Hon. Michael S. Strunsky           |
|          | Hon. Linda S. Crayton              |
|          | Hon. Caryl Ito                     |

|         |                                 |
|---------|---------------------------------|
| Absent: | Hon. Henry E. Berman, President |
|---------|---------------------------------|

\* \* \*

## K. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled Dillingham Construction, N.A. v City and County of San Francisco et al, San Mateo Superior Court No. 416236; Settlement of Unlitigated Owner Controlled Insurance Program Builders' Risk Claim of Alamillo Steel Company; and, Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

The public meeting was recessed at 9:04 A.M. and the closed session began.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:30 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and, on motion by Commissioner Crayton and a seconded by Commissioner Ito, voted unanimously not to disclose it.

\* \* \*

## C. ADOPTION OF MINUTES:



The minutes of the special meeting of July 9, 2002 were adopted unanimously.

No. 02-0161

\* \* \*

D. SPECIAL ITEMS:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

1. Naming of the "Berman Reflection Room"

No. 02-0162

Resolution approving the naming of the "Berman Reflection Room" in the International Terminal after Airport Commission President Henry Berman.

Mr. John Martin, Airport Director said that this is an appropriate measure, given Commissioner Berman's 25 years of dedicated service to San Francisco.

Commissioner Crayton said that she was very excited about this dedication. She applauded the Director, staff and Commission for this action.

Item No. 2 was moved by Commissioner Ito and seconded by Commissioner Crayton. The vote to approve was unanimous.

2. Retirement Resolution - William Mohr

No. 02-0163

Mr. Martin said that Mr. Mohr has been with the City for 23 years, all of which were spent at the Airport. Mr. Mohr has played an important role in the successful operation of our Wastewater Treatment Plant.

\* \* \*

E. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Crayton asked if Airport businesses and contractors are aware of the ways in which Board of Supervisors recently enacted resolutions and ordinances can impact their payments and how they do business at the Airport. She asked if the Airport should provide this information.

Ms. Mara Rosales, Airport General Counsel, responded that there is no requirement that the Commission provide such information, however, if the department wishes to give particular attention to one or more laws passed by the Board, it can do so.

Commissioner Crayton responded that people don't necessarily pay particular attention



to how some of these laws impact their businesses.

Commissioner Ito asked if there was a time line under which the Board of Supervisors was required to respond to certain budgetary requests when payments are outstanding.

Ms. Rosales responded that the Board does not have a specific time line with regard to those subjects. The Board does have rules regarding their legislative process and how to move legislation out of Committee. However, with respect to specific time frames, unless it is set forth in a law that she is unaware of, she does not believe that they do.

Complaints about payments should be forwarded to the Department.

Commissioner Ito said that short of additional legislation governing time frames, have the unions been actively engaged in discussions to make sure that it does not bog down work, and payment and viability of small businesses.

Commissioner Mazzola responded that there is nothing going on between the unions and the City that he knows of in that regard.

Commissioner Strunsky said that Commissioner Crayton raises a good point. In the last year we have been confronted with situations where the Commission is no longer the final word, but rather the Board of Supervisors. The Commission has been put in the position of making recommendations to the Board for final action. He asked Ms. Rosales to prepare a list of those items that previously fell to the Commission for final approval, but now must go before the Board of Supervisors. If the Commission is going to work hard on behalf of the City and then finds that its efforts are undermined in one way or another, it needs to be prepared for it.

\* \* \*

#### F. POLICY:

Item No. 3 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

#### 3. Modification to Aviation Library and Museum Special Event Policy

No. 02-0164

Resolution approving a modification to the Aviation Library and Museum Special Event policy to include private parties and individuals as eligibles.

Mr. Martin explained that this resolution simply allows the Museum to be rented to individuals and private groups for special events.

Commissioner Ito asked if there is a tiered rent for profit and non-profit groups.

Mr. Martin responded that there is.

\* \* \*



G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item Nos. 4 and 5 were put over without discussion.

4. Taxi Trip Fee Increase

Resolution increasing the Taxi Trip Fee for San Francisco-based and non-San Francisco-based taxicabs to \$4.00 for standard trips and \$2.00 for short trips.

5. Full Taxi Trip Fee Pass-Through

Resolution urging the Board of Supervisors to authorize a full pass-through of taxi trip fee for trips from Airport.

Item No. 6 was moved by Commissioner Ito and seconded by Commissioner Strunsky. The vote to approve was unanimous.

6. Award of Contract No. 4378R - Wastewater Treatment Plant Expansion  
S.J. Amoroso Construction Co., Inc. - \$36,727,750

No. 02-0165

Resolution awarding Contract No. 4378R, Wastewater Treatment Plant Expansion, to the lowest responsible bidder, S.J. Amoroso Construction Co., Inc. in the amount of \$36,727,750.

Ms. Felicia McCurn, Contract Manager for this project, reminded the Commission that this is the third bid call for this project which will upgrade a 31 year old plant which is currently under a cease and desist order by the Regional Water Quality Control Board. That cease and desist order requires the plant to be completely operational by January 2005.

In lieu of the schedule the Airport bid the project with the Water Quality Control Plant as the base bid and the Industrial Waste Treatment Plant as an additive alternate.

The contract was bid as a Federally funded project subject to DBE participation requirements. Federal funds became available to perform an investigation of sewer pipes and to make improvements to sewer lift station 8 at Boarding Area F. This work was included in the scope of this project because the salt infiltration in the sewer lines at Boarding Areas D and F kills the bacteria in the treatment process.

Three bids were received on June 13, 2002 ... Shimmick Construction, S.J.





Amoroso Construction, and Northwest Construction. Two protests were filed ... S.J. Amoroso against Shimmick, and Northwest against Shimmick and S.J. Amoroso.

Shimmick was determined to be non-responsive based on failure to possess the required steel pile experience, therefore the S.J. Amoroso and Northwest protest of the Shimmick bid were denied.

The Northwest bid was determined to be non-responsive due to their failure to submit a sequential batch reactor bid bond with their bid on June 13 as required by the specifications. The sequential batch reactor is a major piece of equipment for the treatment plant and without it the plant cannot operate.

The Airport DBE liaison officer reviewed S.J. Amoroso's DBE goals and good faith efforts and determined that S.J. Amoroso did not meet the 18% goal but demonstrated sufficient good faith efforts and achieved a 4% DBE participation level on the base bid. Our DBE liaison officer conferred with the FAA Civil Rights Officer who agreed with our analysis that the good faith efforts were met.

The good faith efforts were not reviewed for the other bidders because they did not meet the minimum bid requirements and were not determined to be the successful low bidder.

S.J. Amoroso was determined to be the only responsive, responsible bidder.

Legal staff has reviewed the protests and bid documents and the FAA has given the permission to award.

Commissioner Ito stated for the record that staff has satisfied her questions regarding good faith efforts and would go along with approving this resolution.

Mrs. Patricia Meagher, attorney with Rogers Joseph O'Donnell & Phillips, on behalf of Northwest Construction said that Northwest met the 18% DBE goal for this contract. It challenges S.J. Amoroso's responsiveness because it failed to meet the 18% DBE goal, and its attempts to meet the goal were pro forma, resulting in only one DBE for a multi-million contract, less than 2% of its total bid.

Amoroso did not perform good faith efforts to solicit DBE participation and is not entitled to award.

Northwest Construction stated its position in two letters addressed to the Commission ... one dated July 8, 2002, and the other was hand delivered yesterday. She asked the Commission to review their submittals in detail before awarding this contract.

The DBE participation for this project is 18%, a realistic goal. Last year the Airport exceeded its DBE participation goal of 30%. This year its DBE participation goal is 22%. Given the historic levels of DBE participation there is no reason why a bidder, if that bidder is truly committed to meeting the DBE



goal, could not do so here. This project is governed by Federal regulations and City procedures which clearly and unequivocally state that pro forma efforts are not good faith efforts.

S.J. Amoroso conducted a mass mailing to 60 odd contractors and made one follow-up call. It did not target DBEs. It did not look to see what firms had been working at the Airport in the past. It did not concentrate on the areas where there are a number of women and minority contracting firms available to work at the Airport. There is no trucking firm listed, nor electrical firm, two areas that are traditionally available for DBE participation. S.J. Amoroso did not carve out specific portions of the work to facilitate DBE participation. It did not negotiate with DBEs in good faith. For example, one DBE submitted a management proposal rather than a subcontract proposal and Amoroso did not ask them to resubmit, or negotiate with them, or try to involve this firm in the work.

They recognize that a determination of good faith efforts involves an element of judgment but the judgment in this case must be exercised in accordance with FAA regulations. She read the following statement:

"As a recipient it is up to you to make a fair and reasonable judgment whether a bidder did or did not meet the goal, making adequate good faith efforts. It is important for you to consider the quality, quantity and intensity of the different kinds of efforts the bidder has made. The efforts employed by the bidder should be those that one could reasonably expect the bidder to take if the bidder were actively and aggressively trying to obtain DBE participation sufficient to meet the DBE contract goal. Mere pro forma attempts are not good faith efforts to meet the DBE contract requirement. In determining whether a bidder has made good faith efforts you may also take into account the performance of other bidders in meeting the contract. For example, when the apparent successful bidder fails to meet the goal but others have met it, you may reasonably raise the question of whether with additional reasonable efforts the apparent successful bidder could have met this goal."

She is not aware of any conversations that have taken place between the Airport Commission staff and the FAA. They sent a letter to the FAA last week requesting their involvement. They were contacted by the FAA, indicating that the matter was being referred to the Office of Civil Rights. They are not aware of any communication, or findings by the FAA, or go ahead by the FAA to award this contract.

Ms. Caroline Chan, owner of CC & Sons Trucking, said that she is HRC and DBE certified.

She has worked at the Airport on many projects. The pilots know her trucks so she can't understand why Amoroso can't find her. She is there and available to work. She receives calls and faxes inviting her to bid, however Amoroso has never approached her.

She had to meet certain regulations in order to receive her DBE and WBE certification. If she had only achieved 19% of those requirements she would



never have received her certifications. She needed 100% compliance.

If major companies are rewarded by failing to meet the regulations, she might as well give up her business. Other companies will follow suit and she will no longer receive offers to bid on jobs.

She knows how to find DBEs and other minorities and she doesn't have the resources that Amoroso does.

Mr. Jeff Yee, Bass Electric, said that if the Commission awards this contract with such a low goal percentage we will be opening up a door for other contractors looking to avoid meeting the goals.

Bass Electric was not originally going to bid on this contract, but Northwest Construction solicited them aggressively.

Commissioner Strunsky asked Mr. Yee if he bid Amoroso.

Mr. Yee said that he did not.

Mr. Dana McManus, CEO, S.J. Amoroso Construction said that he wanted to set the record straight on their good faith effort. This is the third time they bid the project. They were low bidder on the last bid and although they didn't meet the goals they did make a good faith effort. They were awarded the contract and did a tremendous amount of work in mobilizing and getting subs lined up. The contract was ultimately terminated and they were out several hundred thousand dollars in costs that they could not recoup.

The third time they bid this contract they again made a tremendous good faith effort. They called over 90 DBE contractors. He does not know why CC Trucking or Bass Electric did not bid. They advertised extensively. Many times subs have preferred general contractors with whom they bid.

Their goals were closer to 10% than the 4% that was reported. They had an agreement to give about \$2 million to Troy which was not reflected in their percentages.

This is not based on a quota system. As the rules read, it is based on good faith and if a contractor meets all of those obligations and takes an extensive effort as they did, then they should be awarded the contract. The other two bidders were non-responsive.

Commissioner Strunsky noted that Dana McMannus and he worked together on a project back in 1989.

Item No. 7 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

7. Modification No. 3 to Contract 5703A. - AirTrain Operating System - ABB





Daimler - Benz Transportation (North America) Inc., A.K.A. Adtranz - \$1,085,561

No. 02-0166

Resolution authorizing Modification No. 3 to Contract 5703A. AirTrain Operating System with ABB Daimler - Benz Transportation (North America, a.k.a. Adtranz, changing name to Bombardier Transportation, and increasing the contract amount by \$1,085,561 to cover work associated with design changes and unanticipated field conditions, for a total contract amount of \$126,553,794.

Funding will be provided from the Project budget with no impact to the Master Plan Budget.

Mr. Ivar Satero, Bureau of Design and Construction explained that this modification provides for an administrative change reflecting the purchase of Adtranz by Bombardier Transportation. It also provides for various changes due to differing site conditions encountered during construction and some design changes to facilitate construction.

Funding will come from the project budget with no impact to the Master Plan budget. Costs for the modification have been included in the forecast previously presented to the Commission.

The MBE/WBE combined goal for the contract is 10%. They HRC accepted the contractor's proposed 15.29% at the time of award, and the contractor, through this modification, will have achieved 15.28%.

Commissioner Ito asked how it was going.

Mr. Satero responded that it is going well. Yesterday we had 11 trains on the system, which is what the contractor is required to demonstrate, and what will be in operation. The 11 trains will consist of two and three cars. In a 24 hour period they had a total of 20 minutes in down time. They are not yet into the 30 day test out of the system where reliability will be demonstrated.

As we rotate through the 38 vehicles we are seeing failures which one would expect to see of mechanical components that have sat idle for some time. They are addressing these and expect to get them resolved. We hope they will be ready to enter system demo this week.

Commissioner Strunsky asked Mr. Satero when operation will commence.

Mr. Satero anticipated entering the 30 day test this week.

Mr. Martin said that this would put us right before Labor Day, but we will want to delay it until the week after.





Commissioner Mazzola asked about the labor problems.

Mr. Martin responded that the employees voted down representation by Local 8 last Friday.

Commissioner Mazzola asked if there was still a complaint.

Ms. Rosales responded that the court ruled that the CCSF could be out of that case but there is a motion for reconsideration pending by Local 8. However, for all intents and purposes we are out of that case.

Item No. 8 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

8. Approval of Short List of Qualifiers for the Domestic Terminals Food and Beverage Lease

No. 02-0167                      Resolution approving the short-list of qualifiers for the Domestic Terminal Food and Beverage Lease.

Mr. Leo Fermin, Business and Finance, explained that the current domestic food and beverage lease held by Host will expire on August 31, 2004. In anticipation of this, several months ago a Concession Advisory Board evaluated a number of options for handling the domestic terminals food and beverage lease and recommended the Commission follow a developer model. The Commission gave its approval in May. At that time the Commission also authorized issuing a Request for Qualifications (RFQ) in order to develop a short list, and it approved the business terms as well.

Two firms submitted RFQs. The recommendation is to approve these two firms for the short list. If approved, this Friday the selection panel will interview the two firms. Staff will return in August for a recommended selection.

The two firms are MarketPlace Development Corporation which has done food and beverage and retail programs at LaGuardia and Philadelphia and was recently selected to develop the Seattle food and beverage program. The second firm is West Field Concession Management which has retail programs in National Airport in Washington, Terminal C at Boston Logan and Orlando Airport and the food and beverage and retail program in Terminal C at Newark. They have also been selected to develop the food and beverage programs at the San Antonio Airport and the George Bush Houston Airports.

Commissioner Ito asked what MarketPlace's relationship was to PGP.

Mr. Martin responded that MarketPlace partnered with Renenga Corporation to form PGP.

Commissioner Ito said that she was aware of West Field's development of B



level malls and asked if they were recently involved in airport development for concessions.

Mr. Fermin responded that they have been around for a while at National Airport, Dulles, Terminal C in Boston and Orlando. They are headquartered in Australia. They U.S. division is based in Los Angeles.

Commissioner Mazzola asked why Host chose not to participate at this time.

Mr. Martin responded that Host reported to him that they are not interested in this type of model. They want to own and operate their facilities with their own employees.

\* \* \*

#### H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 9 through 18, was moved by Commissioner Ito and seconded by Commissioner Crayton. The vote to approve was unanimous.

9. Modification No. 1 to Public Parking Facilities Operating Agreement - AMPCO System Parking

|             |                                                                                                                                                                                              |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 02-0168 | Resolution approving Modification No. 1 of the Airport Public Parking Facilities Operating Agreement with AMPCO System Parking Modifying the contract liability and indemnification section. |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

10. Modification No. 2 to Contract No. 4313 - As-Needed Environmental Signage/Graphic Design Services - Ilium Associates, Inc. - \$95,000

|             |                                                                                                                                                                                                                                                                                                                                                                  |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 02-0169 | Resolution authorizing Modification No. 2 to Contract No. 4313 for As-needed Environmental Signage, Graphic Design and Production Services with Ilium Associates, Inc. for the terminals and garage wayfind systems to and from AirTrain and Bart in the amount of \$95,000 for a new contract value of \$370,000 and a time extension for a period of one year. |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

11. Award of DVD Rental Lease to InMotion Pictures, Inc. - Minimum Annual Guarantee: \$60,000

|             |                                                                                                                  |
|-------------|------------------------------------------------------------------------------------------------------------------|
| No. 02-0170 | Resolution awarding the DVD Rental Lease to InMotion Pictures, Inc. with a minimum annual guarantee of \$60,000. |
|-------------|------------------------------------------------------------------------------------------------------------------|



12. Approval of Lease Specifications and Minimum Qualifications for Boarding Area "F" Hub Handbag and Accessories Store Lease
- No.02-0171 Resolution approving the lease specifications, minimum qualifications and proposed requirements, and authorize staff to accept proposals for the Boarding Area "F" Hub Handbag and Accessories Store Lease.
13. Approval of Lease Specifications and Minimum Requirements for Terminal 3 Discretionary Concession Opportunity
- No. 02-0172 Resolution approving the minimum requirements and Lease Specifications, and authorizing staff to accept proposals for Terminal 3 Discretionary Concession Opportunity.
14. Approval of Lease Specifications and Minimum Requirements for Terminal 3 Specialty Retail Store Lease
- No. 02-0173 Resolution approving the minimum requirements and lease specifications, and authorizing staff to accept proposals for the Terminal 3 Specialty Retail Stores Lease.
15. Bid Call - Contract No. 8171 - Terminal 3 Frontage Extension
- No. 02-0174 Resolution approving the scope, budget,, and schedule for Airport Contract No. 8171, Terminal 3 Frontage Extension, and authorizing the Director to call for bids when ready.
16. Modification No. 3 - Professional Services Contract for Pre-employment Psychological Evaluations for Security Classifications - Law Enforcement Psychological Services - \$10,000
- No. 02-0175 Resolution approving Modification No. 3 to Professional Services Contract with Law Enforcement Psychological Services to provide pre-employment and pre-appointment psychological evaluations of candidates for security classifications for Fiscal Year 2002-03 under the same terms and condition for an additional amount of \$10,000.



17. Approval of a Sublease with the U.S. Government for Office Space at 245 South Spruce Avenue

No. 02-0176

Resolution approving and authorizing the Execution of a sublease with the U.S. Government for the Office Space at 245 South Spruce Avenue to be occupied by the Transportation Security Administration.

18. Modification No. 2 to Legal Services Agreement with Morrison & Foerster LLP Master Plan/Phase B Contract and Airlines Lease and Use Contract  
Increase compensation of \$150,000

No. 02-0177

Resolution approving contract Modification No.2 to Legal Services Agreement with Morrison & Foerster LLP to increase compensation by the amount of \$150,000 (re Master Plan/Phase B and Airline Lease and Use contract)

\* \* \*

I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Mr. Barry Taranto, reminded the Commission that he was asked to report back after his meeting with Airport staff and ShuttlePort/DAJA. Mr. Edwin Leung of the Airport sent a letter indicating that the Police will leave them alone late at night in open lot so that they can serve passengers. This is a positive step.

The tickets that cab drivers have been receiving for lining up in cab stands will have to be fought.

Dialogues have begun regarding the reduced staffing levels and cabs coming from the freeway to open lot and taking the primary spaces. They are trying to come up with solutions. He complimented Duty Manager Denis Richardson for his immediate and creative response to a recent issue. All employees should look to him as a model.

Mr. Taranto asked the Commission to look at creative ways to dealing with trip fees. He suggested implementing the fees on an incremental basis. Perhaps looking at two shorts being reduced to one. This allows more fee paying cabs to go through later in the evening.

\* \* \*

J. CORRESPONDENCE:



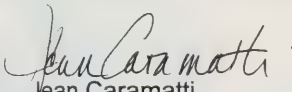


There was no discussion by the Commission.

\* \* \*

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:17 A.M.

  
Jean Caramatti  
Commission Secretary



# SAN FRANCISCO AIRPORT COMMISSION



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## MINUTES

August 6, 2002

9:00 A.M.



ROOM 400 - CITY HALL  
400 VAN NESS AVENUE  
CITY AND COUNTY OF SAN FRANCISCO

**WILLIE L. BROWN, JR., MAYOR**

## COMMISSIONERS

**HENRY E. BERMAN**  
President

**LARRY MAZZOLA**  
Vice President

**MICHAEL S. STRUNSKY**

**LINDA S. CRAYTON**

**CARYL ITO**

**JOHN L. MARTIN**  
Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT  
SAN FRANCISCO, CALIFORNIA 94128



Minutes of the Airport Commission Meeting of  
August 6, 2002

| CALENDAR<br>SECTION | AGENDA<br>ITEM | TITLE                                                                                                                                                | RESOLUTION<br>NUMBER | PAGE |
|---------------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------|
| A.                  |                | CALL TO ORDER:                                                                                                                                       |                      | 3    |
| B.                  |                | ROLL CALL:                                                                                                                                           |                      | 3    |
| C.                  |                | ADOPTION OF MINUTES:                                                                                                                                 |                      |      |
|                     |                | Special meeting of July 23, 2002.                                                                                                                    | 02-0179              | 3    |
| D.                  |                | ANNOUNCEMENT BY SECRETARY:                                                                                                                           |                      | 3    |
| E.                  |                | ITEMS INITIATED BY COMMISSIONERS:                                                                                                                    |                      |      |
|                     |                | "Strunsky for Supervisor"                                                                                                                            |                      | 3    |
| F.                  |                | ITEMS RELATING TO ADMINISTRATION,<br>OPERATIONS & MAINTENANCE:                                                                                       |                      |      |
|                     | 1.             | Full Taxi Trip Fee Pass-Through                                                                                                                      |                      | 3-4  |
|                     | 2.             | Taxi Trip Fee Increase                                                                                                                               |                      | 4    |
|                     | 3.             | Authorize Negotiations of Business Terms of<br>Domestic Terminals Food & Beverage Program<br>Lease - MarketPlace Development Limited<br>Partnership  | 02-0180              | 4-6  |
|                     | 4.             | Reimburse International Terminal Airlines for<br>Payments to SFOTEC for Debt Service on<br>Airline Common Use Equipment in International<br>Terminal | 02-0181              | 6-7  |
| G.                  |                | CONSENT CALENDAR OF ROUTINE<br>ADMINISTRATIVE MATTERS:                                                                                               |                      |      |
|                     | 5.             | Award Contract 4177A - North Access Road<br>Spur Trail - A. Ruiz Construction Company &<br>Associates                                                | 02-0182              | 7-8  |
|                     | 6.             | Modification No. 2 to Agreement with BridgeNet<br>Consulting Services Intern'l to Provide Technical<br>Services for Quarterly State Noise Reports    | 02-0183              | 8    |
|                     | 7.             | Approval of Noise Insulation Payment for San<br>Bruno Park School District                                                                           | 02-0184              | 8    |
| H.                  |                | NEW BUSINESS:                                                                                                                                        |                      |      |



|    |                      |   |
|----|----------------------|---|
|    | "Floating Runway"    | 8 |
|    | Curbside Management  | 9 |
| I. | CORRESPONDENCE:      | 9 |
| J. | CLOSED SESSION:      |   |
|    | Potential Litigation | 9 |
| K. | ADJOURNMENT:         | 9 |





# AIRPORT COMMISSION MEETING MINUTES

August 6, 2002

## A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:03 AM in Room 400, City Hall, San Francisco, CA.

\* \* \*

## B. ROLL CALL:

Present: Hon. Henry E. Berman, President  
Hon. Larry Mazzola, Vice President  
Hon. Michael S. Strunsky  
Hon. Linda S. Crayton  
Hon. Caryl Ito

\* \* \*

## C. ADOPTION OF MINUTES:

The minutes of the special meeting of July 23, 2002 were adopted unanimously.

No. 02-0179

\* \* \*

- D. ANNOUNCEMENT BY SECRETARY: Unanimous adoption of Resolution No. 02-0178 regarding the settlement of an unlitigated Owner Controlled Insurance Program Builders' Risk claim of Alamillo Steel Company in the amount of \$49,149.63 at the closed session of July 23, 2002.

\* \* \*

## E. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Strunsky noted that the "Strunsky for Supervisor" signs that are appearing in District 6 refer to his son.

\* \* \*

## F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item Nos. 1 and 2 were put over without discussion.

1. Full Taxi Trip Fee Pass-Through



Resolution urging the Board of Supervisor to authorize a full pass-through of taxi trip fee for trips from Airport.

2. Taxi Trip Fee Increase

Resolution increasing the Taxi Trip Fee for San Francisco-based and non-San Francisco-based taxicabs to \$4.00 for standard trips and \$2.00 for short trips.

Item No. 3 was moved by Commissioner Mazzola and seconded by Commissioner Crayton. The vote to approve was unanimous.

3. Authorization to Begin Negotiations of Business Terms of Domestic Terminals Food and Beverage Program Lease - MarketPlace Development Limited Partnership

No. 02-0180

Resolution authorizing staff to begin negotiations of business terms with MarketPlace Development Limited Partnership, the qualified developer.

Mr. Bob Rhoades, Deputy Director, Business and Finance explained that by resolution the Commission authorized staff to commence the competitive process through a request for qualifications to select a qualified developer for the domestic terminal food and beverage program. By resolution adopted June 4, 2002 the Commission approved the minimum qualification requirements the respondents must meet and the general business terms for the lease

On July 3, 2002, two submittals were received ... MarketPlace Development Limited Partnership and Westfield Concessions Management Inc.

Staff reviewed the submittals and determined that both MarketPlace and Westfield were qualified respondents.

A six member panel was convened to evaluate the submittals based on the following criteria ... airport experience, financial ability to perform, team structure, team experience, construction and technical experience, DBE local program experience and oral presentation.

On July 26 the six member panel interviewed both respondents. Based on the results of the submittals and the oral phase of the selection process the highest ranked qualified firm was deemed to be MarketPlace. Based on these findings staff requests authorization to begin negotiations of the business terms, and, if such negotiations fail, at the Director's discretion, it may commence negotiations with Westfield Concessions Management Inc.

Commissioner Ito asked about the time frame of this contract. Will in-house



staff eventually oversee the concessions.

Mr. Rhoades responded that we will have the same oversight by staff as we do in the International Terminal. This is strictly the developer role. They will initiate the selection process, the design process, and the construction process which will take time due to the phasing of the reconstruction of the domestic terminals. Staff will oversee all of these activities. We do not yet have the timing

Commissioner Strunsky asked how we know the magnitude of this contract.

Mr. Rhoades responded that the figure is part of the negotiations. There will be a management fee for the developer, and negotiated items will include a formula for how the revenues will be collected and distributed to pay off the debt service for construction.

The action taken today will allow staff to move forward with negotiations. Staff will return with the terms of the deal at which time it can be discussed further.

Commissioner Crayton asked if this is similar to the Pacific Gateway contract.

Mr. Rhoades responded that this is much more extensive with respect to the developer aspect. Pacific Gateway Partnership was responsible for developing the common use food courts in the International Terminal. Those tenants did their own build outs. This is a reconfiguration of all of the food and beverage facilities in the domestic terminals so the scope of work is much larger.

Mr. Martin added that the food and beverage operators in the domestic terminals will hold leases with the developer, whereas in the International Terminal the leases are directly with the Airport.

Commissioner Strunsky asked how will Airport staff will oversee this.

Mr. Rhoades responded that the Airport is going to dictate the terms and conditions of the leases and will have ultimate.

Commissioner Strunsky asked who puts up the money for construction. What's the process? Is the Commission approving something that should be bid?

Mr. Rhoades responded that it is a competitive process and meets the City's Administrative Code. It does not require a bid dollar amount.

Mr. Rhoades added that this is a revenue sharing venture. The revenue stream pays for the debt service and the surplus becomes a profit sharing venture.

Commissioner Strunsky was concerned that there are only two players.

Mr. Rhoades responded that we had a large turn out for the pre-qualifications conference. We were fairly confident that we had other players. Up until the 11<sup>th</sup> hour we thought we would have another participant. We went to great lengths to conduct the outreach but there aren't many firms that are qualified to



take on a project of this size. There was a lot of participation at the conference and staff is disappointed that one major player chose not to participate at the last minute.

Mr. Martin said that real competition will occur during the selection of restaurateurs.

Commissioner Ito asked if MarketPlace has the same principals as Gateway Pacific Partnership.

Mr. Rhoades responded that MarketPlace Development is based out of Boston. They created a subsidiary, Pacific Gateway Partnership, to handle the first program with a local firm.

Commissioner Mazzola asked if prevailing wage, MBE/WBE, etc. will be negotiated into the agreement.

Mr. Rhoades responded that the basic business terms include all of the City's requirements.

Commissioner Strunsky asked if the six member panel was the only oversight.

Mr. Rhoades responded that the six member panel consisted of two Airport staff and four members of the business community, all with extensive experience in the market place. It was a very balanced panel with respect to DBE requirements and business and retail experience. We are very comfortable with how it was handled.

Commissioner Strunsky asked if the Commission will have the opportunity to look at the deal to make sure it meets the criteria.

Mr. Rhoades responded that the Commission will have that opportunity.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

4. Reimbursement to International Terminal Airlines for Payments to SFOTEC for Debt Service on Airline Common Use Equipment in the International Terminal - \$4,455,532.18

No. 02-0181

Resolution approving reimbursement to International Terminal Airlines in the amount of \$4,455,532.18 for their actual payments to SFOTEC for the debt service costs related to the acquisition and installation of airline common use equipment in the International Terminal.

Mr. Rhoades explained that pursuant to the equipment, maintenance and operating agreement authorized by the Commission, SFOTEC maintains and





operates certain Airport owned equipment for the handling of flights and passengers for airlines operating in the new International Terminal Complex. All of this equipment ... including the baggage system, FIDs, display systems, etc. ... is considered to be common use.

Under the agreement, SFOTEC is responsible for collecting fees from the airlines based on activity. Those fees are remitted to the Airport and cover the debt service.

Based on the Commission's decision to proceed with PFC 2, having already authorized PFC 1 to cover airfield development costs, PFC 2 was earmarked to cover certain costs associated with the Master Plan in the new International Terminal Complex that were eligible for reimbursement.

As of November 2001 the Airport ceased to charge SFOTEC for the use of the equipment in anticipation of using PFC monies. This went to help the airlines during a very difficult financial period, particularly in the International Terminal where the costs are so high.

Subsequent to approval of PFC 2 it became clear that reimbursement was eligible back to December 10, 2000 when the International Terminal opened. The \$4+ million represents costs that SFOTEC remitted from December 10, 2000 to November 2001.

This item seeks authorization to reimburse airlines for those costs that have already been incurred. The caveat is that reimbursement will go to those airlines that were operating on December 10, 2000 and continue to operate in the new International Terminal. The credits will be applied against landing fees during this fiscal year. Several carriers opted to leave during that period of time. If they return within two years, we will apply that credit to their landing fees as an incentive to return. If that does not happen, those credits will go to the carriers who are operating here.

Commissioner Strunsky said that he would reluctantly vote yes on this item. We had always talked about PFCs going to cover only new runway costs. This is due to September 11 and the associated issues that continue to happen. However, as traffic picks up he wants this issue revisited.

\* \* \*

#### G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 5 through 7, were moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

5. Award of Contract No. 4177A - North Access Road Spur Trail - A. Ruiz Construction Company & Associates, Inc. - \$701,745

No. 02-0182

Resolution awarding Contract 4177A, North Access Road Spur Trail, to the lowest



responsive, responsible bidder, A. Ruiz Construction Company & Associates, Inc. in the amount of \$701,745.

Commissioner Mazzola expressed confusion about bidder preference.

Mr. Eavis explained that the bid preference is only used to determine the low bidder. The dollar amount is the larger number. Ruiz is the low bidder on the project regardless.

6. Modification No. 2 to the Agreement with BridgeNet Consulting Services International to Provide Technical Services for Quarterly State Noise Reports - \$300,000

No. 02-0183

Resolution authorizing Modification No. 2 to the Agreement with BridgeNet Consulting Services International to provide technical services for quarterly State noise reports to extend the term of the Agreement until June 2005, and increase the dollar amount by \$300,000 with a maximum budget not to exceed \$800,000.

7. Approval of Noise Insulation Payment for San Bruno Park School District - \$131,897

No. 02-0184

Resolution authorizing payment of \$131,897.00 to the San Bruno Park School District for noise insulation of additional classrooms in Belle Air Elementary School located within the State 65 dB CNEL contour in the city of San Bruno.

\* \* \*

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Mr. Patrick Gorman reminded the Commission that he appeared before them in early April regarding his invention of a floating runway. Mr. Stuart Sunshine wrote to him thanking him for his idea but said that at this time there was nothing they could do about it. Since that time he built a model and plans to test it in the Bay on August 19 at noon on the 400 block of China Basin, just south of the Bayshore Boat Club.

Instead of a plane he will use a bowling ball on this one foot by 68 foot long model. If it works it will behoove the City to look into it.



Mr. Barry Taranto, United Taxicab Workers, distributed copies of their newsletter.

Mr. Taranto said that the Airport is saving a lot of money on the staffing of the Curbside Management Program and the restrooms. A deterioration of services has resulted from these cutbacks. The security guard contract has also been cut back, affecting how they operate.

Cashiers working the taxi booths have also been cut back. Private vehicles are mingling in with taxis at the booth. They should be sent to the third level.

There is no one from ShuttlePort/DAJA monitoring the non-S.F. taxi stands and there are no police in the area.

He thanked Duke Briscoe and Alice Sgourakis for writing a letter instructing the Police to leave them alone after hours. It has helped tremendously. He now asked that a letter be written to the Police asking that when the upper level is closed to have a greater Police presence in the lower level baggage claim areas and at the curb. It would be greatly appreciated.

\* \* \*

I. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

J. CLOSED SESSION:

The Airport Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

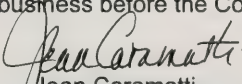
The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

\* \* \*

K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:31 A.M.

  
Jean Caramatti  
Commission Secretary



# SAN FRANCISCO AIRPORT COMMISSION



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## MINUTES

August 20, 2002

9:00 A.M.



ROOM 400 - CITY HALL  
400 VAN NESS AVENUE  
CITY AND COUNTY OF SAN FRANCISCO

WILLIE L. BROWN, JR., MAYOR

## COMMISSIONERS

HENRY E. BERMAN

President

LARRY MAZZOLA

Vice President

MICHAEL S. STRUNSKY

LINDA S. CRAYTON

CARYL ITO

JOHN L. MARTIN

Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT  
SAN FRANCISCO, CALIFORNIA 94128





Minutes of the Airport Commission Meeting of  
August 20, 2002

| CALENDAR<br>SECTION | AGENDA<br>ITEM | TITLE                                                                                                           | RESOLUTION<br>NUMBER | PAGE  |
|---------------------|----------------|-----------------------------------------------------------------------------------------------------------------|----------------------|-------|
| A.                  |                | CALL TO ORDER:                                                                                                  |                      | 3     |
| B.                  |                | ROLL CALL:                                                                                                      |                      | 3     |
| C.                  |                | ADOPTION OF MINUTES:                                                                                            |                      |       |
|                     |                | Regular meeting of August 6, 2002                                                                               | 02-0185              | 3     |
| D.                  |                | ITEMS INITIATED BY COMMISSIONERS:                                                                               |                      |       |
| E.                  |                | ITEMS RELATING TO ADMINISTRATION,<br>OPERATIONS & MAINTENANCE:                                                  |                      |       |
|                     | 1.             | Taxi Trip Fee Increase                                                                                          | 02-0186              | 3-8   |
|                     | 2.             | Modification No. 3 to Contract 5606C - Police<br>Main Station - Trico Construction                              | 02-0187              | 8-9   |
|                     | 3.             | Modification No. 3 - Information Booth Program<br>Contract - Polaris/TRG Joint Venture                          | 02-0188              | 9     |
|                     | 4.             | Reimbursable Agreement with Parsons                                                                             | 02-0189              | 9-10  |
| F.                  |                | CONSENT CALENDAR OF ROUTINE<br>ADMINISTRATIVE MATTERS:                                                          |                      |       |
|                     | 5.             | Airport Hair Salon Lease No. 00-0144                                                                            | 02-0190              | 10    |
|                     | 6.             | Assignment of Co Financial Advisor Role from<br>The Chapman Company to Backstrom, McCarley,<br>Berry & Co., LLC | 02-0191              | 10-11 |
|                     | 7.             | Consent to Assignment of Ground Lease for<br>CNG Fueling Station                                                | 02-0192              | 11    |
|                     | 8.             | Terminal 3 Professional/Collegiate Team Sports<br>Theme Store                                                   | 02-0193              | 11    |
|                     | 9.             | Boarding Area "F" California Gifts and Souvenirs<br>Kiosk Lease, a DBE Set-Aside                                | 02-0194              | 11    |
| G.                  |                | NEW BUSINESS:                                                                                                   |                      |       |
|                     |                | Taxi cabs                                                                                                       |                      | 11    |
|                     |                | Brayer Electric                                                                                                 |                      | 11-12 |







# AIRPORT COMMISSION MEETING MINUTES

August 20, 2002

## A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:03 AM in Room 400, City Hall, San Francisco, CA.

\* \* \*

## B. ROLL CALL:

Present: Hon. Henry E. Berman, President  
Hon. Michael S. Strunsky  
Hon. Linda S. Crayton

Absent: Hon. Larry Mazzola, Vice President  
Hon. Caryl Ito

\* \* \*

## C. ADOPTION OF MINUTES:

The minutes of the regular meeting of August 6, 2002 were adopted unanimously.

No. 02-0185

\* \* \*

## D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

\* \* \*

## E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Strunsky and seconded by Commissioner Crayton. The vote to approve was unanimous.

### 1. Taxi Trip Fee Increase

No. 02-0186

Resolution increasing the Taxi Trip Fee for San Francisco-based and non-San Francisco-based taxicabs to \$4.00 for standard trips and \$2.00 for short trips.

Mr. John Martin, Airport Director said that prior to July 1, 2002 there was no taxi trip pass through and the \$3.25 fee was absorbed entirely by the taxi cab



drivers. Beginning July 1, 2002, with the approval of the Taxi Commission, the taxi trip fee pass through was approved. As a result, the net cost to drivers will go from \$3.25 prior to July 1 to \$2.00, for a 38% reduction in the cost to the drivers.

Commissioner Strunsky said that there is a period of time between July 1 and the effective date of this fee where the net trip fee paid by the driver would be zero.

Mr. Martin responded that since this fee will not take effect until September 1, the drivers will receive a two month benefit. This gap between the implementation of the taxi trip fee and the pass through was not planned.

Commissioner Strunsky committed to the drivers to working with the Taxi Commission to increase the amount of money retrieved from the passenger. He asked Mr. Martin to review with him the issue of placing this on the meter.

Mr. Martin said that he will follow up with the Taxi Commission as well.

Ms. Mary McGuire, United Taxicab Workers and member of the Taxi Commission did not feel that there should be an increase at this time. The fee increase is unfair and mean spirited, coming so soon after approving the pass through.

The fare to San Francisco is about \$32 so the driver will be paying 1/8 of the fare to the Airport. Twenty percent of the fare to San Mateo, and one third of the cost to Burlingame will go to the Airport.

Customers have been taking this out of her tip. Some drivers don't even charge the pass through because a lot of the passengers are resistant to it. Most airports don't charge drivers anything for picking up fares from the airport. Of those who do, the highest fee she is aware of is \$2.25.

Why is this airport so much more expensive than any other airport in the country? BART will soon be operating at SFO, and no one knows how it will impact the taxi business. Before increases are implemented we should see how this plays out. If it turns out that the drivers are experiencing much longer waits, many of them will stop serving SFO altogether.

Commissioner Strunsky asked about the meter problems and how they are applied.

Ms. McGuire responded that there is an extra button, however it is not utilized at this time. The Taxi Commission felt that the button could be misused in certain situations so they decided not to implement it. One Commissioner was concerned that a passenger could enter a cab, not understand what's going on, and find that he had \$20.00 in extra charges on the fare.

Commissioner Crayton asked if passengers were going to have a hard time understanding this.





Ms. McGuire responded that the sign should be posted this week in each cab. Passengers are always resistant to fees. We have always had the meter and a half sign in the back seat and drivers always have to explain it to passengers. A cab ride 15 miles past the Airport is 150% of the fare.

A lot of drivers went to the last Taxi Commission meeting complaining about the pass through, saying they weren't even charging it.

Her experience is that it is coming out of her tips.

Commissioner Crayton said that most airports do have a fee.

Ms. McGuire said that \$4.00 is a lot.

Commissioner Strunsky said that it's \$2.00 each way. It's not so much.

Ms. McGuire said that San Francisco is an expensive place to live. Where is all of this going to end. This is just one more thing.

Ms. Rua Graffis, United Taxicab Workers, said that they have worked for over two years and attended more than 20 meetings to get this pass through. Eight days after the pass through was implemented the Airport wanted to up their fee to \$4.00.

The Airport has talked about this since 1996, but it was never mentioned that this would happen on the heels of the pass through.

Supervisor Gavin Newsom wrote a letter suggesting that because the cab drivers did not receive significant notice and had no real opportunity to work with the Airport, that this item be held over until the Board of Supervisors can revisit the issue, possibly passing the entire fee onto the customer.

Ms. Graffis wondered why their fees were being raised in the face of recent cutbacks in services.

Ms. Graffis also noted that the Airport recently renegotiated with some of the Airport concessions because times were tough.

SFO has a \$4.50 passenger facility charge that is applied to airline tickets. Why couldn't this fee be applied to the airline ticket. If SFO needs more money it should come from the passenger not the cab driver. Private vehicles use the facilities but are not charged a fee.

Mr. Barry Korengold, Yellow Cab, said that he has been a driver for 20 years. This fee is unfair to the cab drivers. The number of cab stands has been reduced. AMPCO security guards are frequently absent so no one is directing private vehicles away from cab lines. There is often only one cashier open when it is busy. BART is going to cut into their business. He agreed with Ms. Graffis about applying this fee to airline tickets.



He asked if DAJA is going to add more starters if this fee is implemented.

Mr. Barry Taranto, United Taxicab Workers, noted that the Passenger Facility Charge can only be targeted for certain expenses; it cannot be used for ground transportation.

It is going to take a while for people to get used to paying a little more. The business traveler uses cabs, but the tourist may find BART to be a more reasonable alternative.

He asked Mr. Leo Fermin of the Airport's Finance department to provide revenue figures from trip fees from various ground transportation alternatives, as well as the cost of operating those programs. He hoped the Commission will ask Mr. Fermin for those numbers.

Cabs drivers are the only group required to pay the fee out of pocket; others are billed from transponders placed on their vehicles.

Rental car shuttle vans pay \$3.60 per trip; hotel vans pay \$2.00 if they are combined, \$6.00 if they are not; charter buses pay \$2.00; door-to-door vans pay \$3.25; limousines pay \$2.75; pre-arranged door-to-door vans are \$2.00.

Mr. Taranto said that he has received no documentation explaining what this increase will go towards.

Two evenings last week he waited until 3:00 A.M. for passengers. There is no other form of public transportation available that gets passengers home quickly from a delayed late night flight.

If it was busy at the Airport and the waits were short he would love to pay the \$4.00, but right now the waits are long.

This fee should be phased in, or at least reviewed and the incomes levels looked at. The reduced services as of May 1<sup>st</sup> should be shown in the documentation to reflect the effect it has had on the budget.

Commissioner Strunsky asked Mr. Taranto if he drives a cab owned by someone else.

Mr. Taranto responded that he does. He pays a gate or a lease fee.

Commissioner Strunsky asked if he shares the Airport fee with the cab owner.

Mr. Taranto responded that he pays the fee out of his own pocket.

Commissioner Strunsky asked why the fee was not shared with the owner.

Mr. Taranto responded that he is not an employee, he is an independent contractor. Any tolls, fees or tickets are paid by him.



Commissioner Strunsky asked if any of these fees are reflected on the meter.

Mr. Taranto responded that none are reflected on the meter. When crossing a bridge, for example, the passenger knows that the driver is paying a toll.

Commissioner Strunsky asked why the meter can't reflect it on the right hand side.

Mr. Taranto agreed that it needed to be looked at. The Airport needs to approach the Taxi Commission before their fees are raised.

Mr. Taranto said that last year the Airport collected \$4.5 million from all of the ground transportation operators except the taxis. Taxis paid \$2.8 million according to figures obtained from Mary Downey of the Airport's finance staff. Out of \$7.3 million collected, one third is paid by taxis.

Ms. Tara Housman noted that the drivers do not currently pay for shorts. The Commission misunderstood what was happening and assumed that the drivers were getting a "freebie". The law reads that drivers cannot charge for anything for which they are not paying a fee.

Their fees have doubled since November, but the services to them have been cut in half. Vendors at the Airport have had their leases negotiated downward because of the drastic drop in deplanements.

Airport staff has made the argument that cabs must shoulder the cost of being at the Airport. Part of the costs they are shouldering comes from private vehicles. Public transportation is necessary to an airport. Without public transportation, chaos would result in the form of more private vehicles. Cabs save the Airport millions in curbside management costs.

An increase in this fee to \$4.00 will bring us close to BART's cost of \$4.75. This is economic suicide and punitive to a group that lacks representation to fight back in an effective manner.

The reduction in services has also made it extremely difficult for the elderly and handicapped.

Mr. Martin commented that the Taxi Commissioner who spoke earlier was correct in stating that the stickers should be in all cabs no later than September 1. Curb dispatchers are handing out fliers to cab passengers explaining the pass through.

A follow-up report on the extra taxi meter button will be provided. Staff will work with the Taxi Commission to try and get that through.

The taxi fee is similar to all other fees at the Airport in that it tries to achieve cost recovery. We do achieve cost recovery for landing fees, parking fees for employees, etc. A cost recovery basis is used for all ground transportation operator fees, although we don't achieve cost recovery from any of the ground



transportation operators. Even this increase will not achieve cost recovery from taxi drivers.

This increase will generate additional revenues needed to balance our budget. In June the Commission approved a large rate package that included a number of rate increases for other ground transportation operators. In retrospect the taxi increase should have been included in that package so that the taxi drivers could have seen that they were not being singled out.

Commissioner Crayton asked if Supervisor Newsom is working with the Board of Supervisors to put in place legislation regarding a full pass through.

Mr. Martin responded that he is not aware of anything.

Commissioner Crayton asked if the Airport could encourage Supervisor Newsom to do something. She understands the basis for what we are doing, however, she hoped that staff would work with the Taxi Commission and Supervisor Newsom to see what can be done.

Mr. Martin responded that he will follow up and report back to the Commission.

Item No. 2 was moved by Commissioner Strunsky and seconded by Commissioner Crayton. The vote to approve was unanimous.

2. Modification No. 3 to Contract No. 5606C - Police Main Station - Trico Construction - \$179,467

|             |                                                                                                                                                                                                                                                                                                                                                                              |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 02-0187 | Resolution approving Modification No. 3 (Closeout) to Contract 5606C, Police Main Station with Trico Construction, in the amount of \$179,465 for a new contract value of \$9,157,478 for additional work related to the Emergency Operations Center. Funding will be provided from budget transfers from existing project budgets with no impact to the Master Plan Budget. |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Mr. Ivar Satero, Bureau of Design and Construction explained that this is a close out modification which provides the conference tables for the EOC that are specially equipped with all of the communications infrastructure and tie into the video wall to make the EOC an operational facility. It also includes some final costs for the repair of the automatic doors that were installed in the new International Terminal.

Funding will be provided from budget transfers from related projects. The costs have been included in previous forecasts provided to the Commission.

The original MBE/WBE goals for this contract are 13% / 3% respectively. The HRC approved the participation of 38% MBE and 3.75% WBE at the time of







award. This participation is being maintained through this modification.

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Berman. The vote to approve was unanimous.

3. Modification No. 3 - Information Booth Program Contract - Polaris/TRG Joint Venture - \$1,025,000

No. 02-0188                      Resolution authorizing Director to execute Modification No. 3 to the Information Booth Program Contract with Polaris/TRG Joint Venture to revise scope of services and modify budget accordingly in an amount not to exceed \$1,025,000 for the contract year from July 1, 2002 to June 30, 2003.

Mr. Martin said that this will provide funding for the current fiscal year to maintain three information booths. This is a reduction from a previous number prior to September 11 when five booths were in operation. It also reduces the hours somewhat ...10 A.M. to 9:00 P.M. in the International Terminal, and 10 A.M. to 11:00 P.M. in the domestic terminals.

This contract also provides for the AirTrain Ambassador program where the Polaris staff will assist passengers when the AirTrain first starts operation.

Commissioner Strunsky asked if we made a strong marketing effort.

Mr. Martin said that we did, however, companies just aren't spending that kind of money on advertising at this time.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

4. Authorization for the Airport Director to Sign a Reimbursable Agreement between Parsons and the San Francisco International Airport Commission

No. 02-0189                      Resolution authorizing the Airport Director to negotiate and sign a Memorandum of Understanding between Parsons and the Airport Commission for reimbursement of Airport's full costs of providing services to improve the Terminal Security Screening Checkpoints in an estimated amount of \$300,000

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance explained that the Federal Transportation Security Administration (TSA) contracted with Lockheed Martin to reconfigure the security checkpoints at 429 airports in the United States, of which SFO is one.



Parsons is the design/build team partner with Lockheed for this reconfiguration. With their construction management history at SFO, Parsons has determined that the most expeditious approach is to have the Airport's FOM staff do the redesign and construction.

Under the agreement with the TSA, Parsons has the authority to sole source this work. This resolution authorizes the Director to sign a memorandum of understanding with Parsons so that we can design, construct and be reimbursed for the work.

Commissioner Strunsky asked if stop action photography or videotape is a component of this redesign.

Mr. Eavis responded that the closed circuit tv monitors at the checkpoints are being upgraded. The prototype is the Baltimore model which funnels people into a smaller area so that better pictures can be taken as people pass through. It will also close off the exit of the checkpoints.

Commissioner Strunsky asked if the same number of people will be processed.

Mr. Eavis responded that checkpoints have been added and more passengers are now being processed through security.

Commissioner Crayton asked if this was being done in other airports.

Mr. Eavis responded that other airports, where they believe the in-house staff has the capability of handling the design, will be asked to do so. Most airports lack the in-house staff to do this type of design. SFO is one of the first airports.

\* \* \*

#### F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 5 through 9, was moved by Commissioner Strunsky and seconded by Commissioner Crayton. The vote to approve was unanimous.

5. Airport Hair Salon Lease No. 00-0144

No. 02-0190

Resolution approving the change of "Relevant Boarding Area" Minimum Annual Guarantee trigger to Boarding Area "A" and "G" for SFOHairport under the Airport Concession Support Program.

6. Assignment of Co-Financial Advisor Role from The Chapman Company to Backstrom, McCarley, Berry & Co., LLC

No. 02-0191

Resolution approving assignment of Co-Financial Advisor role from The Chapman Company to



Backstrom, McCarley, Berry & Co.,LLC. Terms and conditions to remain the same.

7. Consent to Assignment of Ground Lease for CNG Fueling Station

No. 02-0192 Resolution consenting to the Assignment of Ground Lease for Compressed Natural Gas (CNG) Fueling Station to Trillium USA, LLC resulting from Asset Purchase Agreement between Trillium USA, Inc., Westcoast Energy Inc. and Wagner & Brown Ltd.

8. Terminal 3 Professional/Collegiate Team Sports Theme Store

No. 02-0193 Resolution approving lease specifications, minimum qualifications and proposal requirements, and authorizing staff to accept proposals for the Terminal 3 Professional/ Collegiate Team Sports Theme Lease.

9. Boarding Area "F" California Gifts and Souvenirs Kiosk Lease, a Disadvantaged Business Enterprise (DBE) Set-Aside

No. 02-0194 Resolution to approve the proposed minimum qualifications, lease specifications, and proposal requirements, and authorizing staff to conduct a pre-proposal conference for the Boarding Area "F" California Gifts and Souvenirs Kiosk Lease, a Disadvantaged Business Enterprise Set-Aside.

\* \* \*

G. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Mr. Barry Taranto, United Taxicab Workers, said that private vehicles are now picking up in the cab stands. A police presence is necessary to avoid this type of activity in the future.

Mr. Ted Brayer, Brayer Electric addressed the Commission regarding the "North Connector" contract. He is a small subcontractor and he has had retention money withheld for two years. He has a claim in because there were conflicts that delayed the job. The majority of the work on this contract was done by small subcontractors. He



would like to resolve this issue outside of court.

Commissioner Strunsky asked Mr. Brayer if he has discussed this with Dillingham. Is Dillingham telling him that they are withholding the money?

Mr. Brayer responded that he has been told by Dillingham that the subs won't get paid until Dillingham gets paid.

Commissioner Strunsky said that he was not sure that that is compliant with California construction law. They have payment and performance bonds. He suggested contacting the bonding company about this issue.

He has not heard that we are delinquent in paying retention.

Mr. Tom Kardos, Deputy Director, Airfield Development explained that this is a litigation issue. Until the litigation is resolved the retention is being withheld from the prime contractor. As the prime received the released portion of the retention, he should have paid the subs as they completed their work. He does not know what the situation is with Brayer Electric.

Commissioner Strunsky asked Mr. Brayer if he has a dispute with Dillingham.

Mr. Brayer responded that he has a claim in because it ran so far over. He has not been paid for the contract either.

Mr. Kardos added that a certain percentage of retention was paid to Dillingham. A portion of the retention as it is released is supposed to take care of the subcontractors who complete their work prior to completion of the contract. That is between the prime and the sub.

Commissioner Strunsky said that leveraging retention to control the value of the subcontractors claim is illegal. He again told Mr. Brayer that he should contact the payment and performance bonding company about this issue, explaining to them that the contractor has defaulted.

\* \* \*

#### H. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

#### I. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 10:00A.M. and the closed session began.





The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled ANC Rental Corporation, et al; and, Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

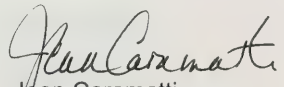
Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 10:11 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

\* \* \*

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:12 A.M.

  
Jean Caramatti  
Commission Secretary



# SAN FRANCISCO AIRPORT COMMISSION



## MINUTES

September 17, 2002

9:00 A.M.



ROOM 400 - CITY HALL  
400 VAN NESS AVENUE

CITY AND COUNTY OF SAN FRANCISCO

**WILLIE L. BROWN, JR., MAYOR**

## COMMISSIONERS

**HENRY E. BERMAN**  
President

**LARRY MAZZOLA**  
Vice President

**MICHAEL S. STRUNSKY**

**LINDA S. CRAYTON**

**CARYL ITO**

**JOHN L. MARTIN**

Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT  
SAN FRANCISCO, CALIFORNIA 94128

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Minutes of the Airport Commission Meeting of  
September 17, 2002

| CALENDAR<br>SECTION | AGENDA<br>ITEM | TITLE                                                                                                                                                                     | RESOLUTION<br>NUMBER | PAGE |
|---------------------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------|
| A.                  |                | CALL TO ORDER:                                                                                                                                                            |                      | 3    |
| B.                  |                | ROLL CALL:                                                                                                                                                                |                      | 3    |
| C.                  |                | ADOPTION OF MINUTES:                                                                                                                                                      |                      |      |
|                     |                | Regular meeting of August 20, 2002                                                                                                                                        | 02-0195              | 3    |
| D.                  |                | SPECIAL ITEM:                                                                                                                                                             |                      |      |
|                     | 1.             | Retirement Resolution - Peter Nardoza                                                                                                                                     | 02-0196              | 3-4  |
|                     | 2.             | Retirement Resolution - Ron Wilson                                                                                                                                        | 02-0197              | 4    |
|                     | 3.             | Retirement Resolution - James Owens                                                                                                                                       | 02-0198              | 4    |
| E.                  |                | DIRECTOR'S REPORTS:                                                                                                                                                       |                      |      |
|                     | 4.             | Report on MFAC - Public Managerial<br>Excellence Awards                                                                                                                   |                      | 4-5  |
| F.                  |                | ITEMS INITIATED BY COMMISSIONERS:                                                                                                                                         |                      | 5    |
| G.                  |                | ITEMS RELATING TO ADMINISTRATION,<br>OPERATIONS & MAINTENANCE:                                                                                                            |                      |      |
|                     | 5.             | Suspension of Certain Fee Increases on<br>San Francisco-Based Taxis and Authorization<br>of Airport Director to Reinstate Such Fee<br>Increases when and as Appropriate   | 02-0199              | 5-6  |
|                     | 6.             | Award of Contract 5521PR - On-Call General<br>Construction - Granite Rock Co., dba Pavex<br>Construction Division and John Bertoldi, Inc.,<br>a Joint Venture (Pavex/JBI) | 02-0200              | 7    |
|                     | 7.             | Amendment to West Field Cargo Area<br>Development RFP                                                                                                                     | 02-0201              | 7-8  |
|                     | 8.             | Modification No. 4 to Contract 5706 - AirTrain<br>Domestic Terminal Stations - Dennis J.<br>Amoroso                                                                       | 02-0202              | 8-9  |
|                     | 9.             | Modification No. 1 to Airport Concession<br>Support Program                                                                                                               | 02-0203              | 9-10 |



|     |                                                                                                                            |         |       |
|-----|----------------------------------------------------------------------------------------------------------------------------|---------|-------|
| H.  | CONSENT CALENDAR OF ROUTINE<br>ADMINISTRATIVE MATTERS:                                                                     |         |       |
| 10. | Reject All Bids - Contract 4310 - Lot DD<br>Parking Garage - Expansion Joint Repair                                        | 02-0204 | 10    |
| 11. | Modification No. 2 to Contract 5704A - AirTrain<br>Graphics - Vomar Products, Inc.                                         | 02-0205 | 10    |
| 12. | Modification No. 1 to Professional Services<br>Contract with Turbo Data Systems, Inc. to<br>Process Traffic Citations      | 02-0206 | 10    |
| 13. | Contract with Steinhart Aquarium, California<br>Academy of Sciences                                                        | 02-0207 | 10-11 |
| 14. | Approval of a Name Change for the<br>Transportation Fee                                                                    | 02-0208 | 11    |
| 15. | FAA Leases for Operation and Maintenance<br>of Precision Approach Path Indicators to<br>Serve Runways 10L, 19L, and 28L    | 02-0209 | 11    |
| 16. | Consent to Assignment of Fixed Base Operation<br>Services Operating Agreement with Signature<br>Flight Support Corporation | 02-0210 | 11    |
| I.  | NEW BUSINESS:                                                                                                              |         |       |
|     | Cab drivers                                                                                                                |         | 12    |
| J.  | CORRESPONDENCE:                                                                                                            |         | 12    |
| K.  | CLOSED SESSION:                                                                                                            |         |       |
|     | Potential Litigation                                                                                                       |         | 12    |
| L.  | ADJOURNMENT:                                                                                                               |         | 12    |





# AIRPORT COMMISSION MEETING MINUTES

September 17, 2002

## A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

\* \* \*

## B. ROLL CALL:

Present: Hon. Larry Mazzola, Vice President  
Hon. Michael S. Strunsky  
Hon. Caryl Ito

Absent: Hon. Henry E. Berman, President  
Hon. Linda Crayton

\* \* \*

## C. ADOPTION OF MINUTES:

The minutes of the regular meeting of August 20, 2002 were adopted unanimously.

No. 02-0195

\* \* \*

## D. SPECIAL ITEMS:

Item No. 1 was moved by Commissioner Strunsky and seconded by Commissioner Mazzola. The vote to approve was unanimous.

### 1. Retirement Resolution for Peter Nardoza

No. 02-0196

Mr. John Martin, Airport Director explained that this resolution recognizes Mr. Nardoza's tremendous contributions to the Airport. He has been with the City for 27 years, beginning his career as an aide to Supervisor Dianne Feinstein. He has worked for the Airport for 18 years.

Mr. Nardoza has done a tremendous job in setting the standard for the Public Affairs division, and providing advice and counsel to the Airport Senior staff. He will be greatly missed. We wish him well in his retirement.

Ms. Jean Caramatti, on behalf of Mr. Nardoza, expressed his sincere appreciation to the Commission.



Commissioner Ito thanked Mr. Nardoza for his years of service and for his help to her. She wished him the best.

Item No. 2 was moved by Commissioner Ito and seconded by Commissioner Strunsky. The vote to approve was unanimous.

2. Retirement Resolution for Ron Wilson

No. 02-0197

Mr. Martin said that this resolution recognizes Mr. Wilson's 43 years at the Airport. He began his career as a Surveyor's Assistant, then became a Construction Inspector, Superintendent of Maintenance, Acting Police Chief and Acting Fire Chief. He became the Airport's spokesman in 1982. He was universally liked and respected by the media.

We wish him well in his retirement.

Ron will be doing some part time work for Channel 2 as an aviation expert, so he will continue to work in the industry.

Commissioner Mazzola noted that 43 years is quite a career.

Item No. 3 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Retirement Resolution for James Owens

No. 02-0198

Mr. Martin said that Mr. Owens worked for the Airport for 17 years as a Senior Stationary Engineer at the Sewage Treatment Plant. He brought the highest standards to all of his assignments. He came to the Airport with a wealth of technical knowledge and expertise. He did a tremendous job in training a number of new employees in the Wastewater Treatment Plant over the years.

We wish Mr. Owens well in his retirement.

\* \* \*

E. DIRECTOR'S REPORTS:

4. Report on MFAC - Public Managerial Excellence Awards

Mr. Martin recognized the four managers who were nominated from the Airport for the City's Public Managerial Excellence Awards. They all take ownership of their job duties, they all perform at a very high level as members of the Airport's



management team, and they all work to meet the Airport's mission of continuing to set new standards for the aviation industry.

The four managers are Leo Fermin, Finance Director, Steve Gordon, Manager of Parking, Gloria Louie, Equal Employment Opportunity, and Bill Lehw, Head Electrician. Bill has been selected as one of the five City wide Public Managerial Excellence awardees.

\* \* \*

F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

\* \* \*

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 5 was moved by Commissioner Ito and seconded by Commissioner Strunsky. The vote to approve was unanimous.

5. Suspension of Certain Fee Increases on San Francisco-Based Taxis and Authorization for Airport Director to Reinstate Such Fee Increases when and as Appropriate

No. 02-0199

Resolution suspending certain fee increases on San Francisco-Based Taxis and Authorization of Airport Director to Reinstate such fee increases when and as appropriate.

Mr. Martin explained that prior to September 1 taxi cab drivers paid \$3.25 on entering the Airport. If they made a short trip (returned with one half hour) they did not pay a fee.

On September 1 the standard fee was raised to \$4.00 and a short trip was raised to \$2.00. At the same time the Taxi Commission authorized a \$2.00 pass through to the passengers that took effect on July 1.

Cab drivers have reported that their tips have been impacted by the pass through. He, along with Duke Briscoe, Deputy Director for Operations, met with the cab drivers and agreed that short trip fees would be waived unless and until the Taxi Commission approved an extra \$2.00 charge on the meter.

He has been working with Taxi Commissioner Naomi Little to explore options that would insure that the "extra" button would only be pushed for taxis leaving the Airport. He will report back to the Airport Commission on this issue.

Commissioner Strunsky asked if there is a particular reason why this is so slow in happening. Are the meters incapable of handling it?



Mr. Martin responded that the meters can handle this but the Taxi Commission is concerned about potential driver abuse ... that some cab drivers will push the button for fares that are not leaving the Airport. The only extra charge presently allowed is for fares leaving the Airport.

Commissioner Ito asked what will happen if the Taxi Commission does not allow the extra button.

Mr. Martin responded that, in accordance with his agreement with the cab drivers, we would not be able to impose the \$2.00 short trip fee.

Commissioner Strunsky asked if there was a difference between San Francisco and other cities that use the meter function to effectively repay an airport for its costs in managing the taxi system.

Mr. Martin was not aware of any difference. We would want to do the same things done in most cities, i.e., a sticker in the back of the cab explaining when the extra charges will apply and the dollar amount.

Mr. Mark Gruber, taxi cab driver, said that the Airport acted correctly in several ways. The drivers who protested were treated with respect, they were allowed to use the center taxi lot as a staging area for their protest, and talking to drivers, negotiating and making concessions.

During the course of the protest, the Airport allowed non-San Francisco cabs to pick up. This may have solved an immediate problem, but those cabs never underwent inspections required of San Francisco cabs on an annual basis. Those cabs most likely do not have near the \$1 million insurance coverage required of San Francisco cabs. Some of those cabs are not licensed in any jurisdiction ... gypsy cabs. He strenuously protested the use of those cabs.

Ms. Rua Graffis, Chair of the United Taxi Cab Workers, said that she was involved in the protest at the Airport and some of the negotiations. She appreciated the courtesy the Airport showed to the cab drivers.

She expressed her strong objections to allowing uninspected cabs to serve the Airport at that time. Without inspections there was no way to know if someone was entering the Airport with a bomb welded to the bottom of the vehicle.

The United Taxicab Workers voiced a strong objection to allowing out of town cabs and vehicles that are not inspected to serve the Airport.

Commissioner Mazzola thanked Mr. Martin for keeping the lines of communication open with the demonstrators and coming to a conclusion.

Mr. Martin said that at the suggestion of the group of drivers he met with there will be a working group of Airport management and taxi drivers that will meet several times a year to discuss issues.

Item No. 6 was moved by Commissioner Ito and seconded by Commissioner





Strunsky. The vote to approve was unanimous.

6. Award Contract 5521PR - On-Call General Construction - Granite Rock Company, dba Pavex Construction Division and John Bertoldi, Inc., A Joint Venture (Pavex/JBI) - \$4,333,870

No. 02-0200                      Resolution awarding Contract 5521PR, On-Call General Construction, to Granite Rock Company, dba Pavex Construction Division and John Bertoldi, Inc., A J.V. (Pavex/JBI), as the lowest responsive bidder in the amount of \$4,333,870. Funding sources will be determined by the Capital Project Review Committee or Small Project Authorization Committee with each scope approval.

Mr. Ivar Satero, Administrator, Bureau of Design and Construction, explained that this is an on-call contract providing for clean-up of the new International Terminal and facilities and Concourse H, essentially picking up scope gap issues as well as repairs to the new buildings.

The estimated budget for this work is \$4,333,870 for a one year duration. Funding will be provided from Capital Improvement Project funds.

Each item of scope will be brought before either the Small Project Authorization Committee if under \$100,000, or the Capital Project Review Committee if over \$100,000 for approval of scope and funding.

The MBE/WBE goals for this contract are 16% / 6% respectively. The contractor proposed 22.7% MBE and 2.4% WBE. The contractor submitted, and HRC accepted, the good faith efforts for not meeting the WBE goal.

Item No. 7 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

7. Amendment to West Field Cargo Area Redevelopment RFP

No. 02-0201                      Resolution approving an amendment to the business terms of the Request for Proposals for the West Field Cargo Area Redevelopment Project and authorize issuance of Addendum # 1.

Mr. Bob Rhoades, Deputy Director, Business and Finance, explained that this item seeks approval to amend the minimum rent for the West Field Cargo Development Project.

When the project was first conceived the Airport desired to keep the guaranteed revenues generated from the West Field Cargo site at least consistent with the current rents being received. The current rents are a mix of land only rents, and,



in some cases where the Airport actually owns the building, it is the space within the building. That equivalent is about \$4,100,000 per year.

Subsequently the airline community expressed concerns regarding the rent structure because while it is under development the \$4.1 million will provide an undue burden on the tenants.

The Airport has agreed and is proposing that during the construction period, at least in the early years, we will apply only the land rent value to this site which currently is about \$2.7 million.

Concerns were also raised by potential proposers. It is our desire to have as much participation on this project as possible and due to the tenuous business climate today we feel this is a prudent move to attract as much interest as possible.

Commissioner Strunsky asked why we were proceeding with this project if we will be reducing our income over a period of time?

Mr. Rhoades responded that over time we will make up any shortfall based on a reduced rental rate. In the long run, as the economy recovers, the demand will be there. These facilities are needed to support the aviation community and the Airport.

Commissioner Strunsky asked if we will be building more usable facilities, either in square footage or loading docks.

Mr. Rhoades responded that there will be considerably more.

Commissioner Strunsky assumed that there is every reason to believe that this will be a more profitable operation than it currently is.

Mr. Rhoades responded that the demand is there.

Mr. Martin added that it may well generate more traffic as well, especially international cargo.

Item No. 8 was moved by Commissioner Ito and seconded by Commissioner Strunsky. The vote to approve was unanimous.

8. Modification No. 4 to Contract No. 5706A - AirTrain Domestic Terminal Stations  
Dennis J. Amoroso Construction Co., Inc. - \$1,618,675

No. 02-0202

Resolution approving an increase to Contract No. 5706A, AirTrain Domestic Terminal Stations, with Dennis J. Amoroso Construction Co., Inc., in the amount of \$1,618,675, for a new contract value of \$34,588,175 for additional work to the AirTrain Domestic Terminal Stations contract. Funding will



be provided from existing project budget with no impact to the Master Plan Budget.

Mr. Satero explained that this modification provides for a number of design changes to facilitate construction, as well as changes required for the interface of this contract with existing facilities and with adjacent construction.

This modification has been reviewed and approved by the Master Plan Advisory Board. Funding will be provided from project contingency with no impact to the baseline budget. Costs have been included in the quarterly forecasts presented to the Commission.

The MBE/WBE combined goal for this project at the time of award was 10.19%. Through this modification the contractor will have achieved 11.4% MBE/WBE participation.

Commissioner Strunsky asked if another modification was coming.

Mr. Satero responded that the close-out modification will most likely be presented in November.

Item No. 9 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

9. Modification No.1 to the Airport Concession Support Program

|             |                                                                                                                       |
|-------------|-----------------------------------------------------------------------------------------------------------------------|
| No. 02-0203 | Resolution approving Modification No. 1 to the Concession Support Program as recommended by the Board of Supervisors. |
|-------------|-----------------------------------------------------------------------------------------------------------------------|

Mr. Rhoades explained that earlier this year the Commission approved the Concession Support Program and the terms and conditions that would accompany it. The program was subsequently approved by the Board of Supervisors with one caveat ... the Board of Supervisors recommends, and Airport staff concurs, that certain language be amended with respect to the option period which would state that the rent in the option period never be less than the last year of the expiring contract at the same time that the rent in the option period itself be established at market rate. We think this is a prudent move to stabilize and insure the revenue stream to the Airport.

The market rate has not yet been determined but we believe that it will be based on percentage rent due to comparables. We will return with a definition of what market rate means.

Commissioner Strunsky felt that it will be difficult to figure out market rate.

Mr. Rhoades responded that we will have to look at several different markets and we will have to try to determine if those markets are comparable to the type of environment found in an airport. The concept is fine with respect to protecting



the future revenue stream

\* \* \*

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 10 through 16, was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

10. Reject All Bids - Contract 4310 - Lot DD Parking Garage - Expansion Joint Repair

No. 02-0204

Resolution rejecting all bids for Contract 4310, Lot DD Parking Garage - Expansion Joint Repair, and authorize the Director re-bid when ready.

Commissioner Strunsky asked if we have any recourse under latent defects to that contract. Apparently expansion joints have gone bad in the five years since that facility opened.

Mr. Eavis responded that he did not believe that we did. He believed it might have been a design flaw. The design was done by the Department of Public Works and it would be very difficult to go after them. The contractor followed the specifications.

11. Modification No. 2 to Contract 5704A - AirTrain Graphics - Vomar Products, Inc. - \$115,000

No. 02-0205

Resolution approving Modification No. 2 to Contract 5704A, AirTrain Graphics with Vomar Products, Inc., in the amount of \$115,000 for a new contract amount of \$1,223,510 for wayfinding integration signs from the BART station to the International and Domestic Terminals. Funding will provided from the Airport's contribution to BART, with no impact to the Master Plan Budget.

12. Modification No. 1 to Professional Services Contract with Turbo Data Systems, Inc. to Process Traffic Citations - \$85,000

No. 02-0206

Resolution approving Modification No. 1 to Professional Services Contract with Turbo Data Systems, Inc. to Process Traffic Citations in the amount of \$85,000.

13. Contract with the Steinhart Aquarium, California Academy of Sciences - \$35,000





No. 02-0207

Resolution approving contract for \$35,000 for the yearly maintenance of the aquarium tanks, equipment, care, feeding, and replacement of fish.

14. Approval of a Name Change for the Transportation Fee

No. 02-0208

Resolution approving the renaming of the fee collected on Rental Car contracts to the "Transportation and Facilities Fee".

15. FAA Leases for Operation and Maintenance of Precision Approach Path Indicators to Serve Runways 10L, 19L and 28L

No. 02-0209

Resolution approving FAA Leases to operate and maintain three Precision Approach Path Indicators (PAPI) to serve Runways 10L, 19L and 28L.

16. Consent to Assignment of Fixed Base Operation Services Operating Agreement with Signature Flight Support Corporation

No. 02-0210

Resolution approving consent to the change of ownership of Signature Flight Support Corporation, constituting an assignment of the fixed base operation services operating agreement No. 94-0050.

Commissioner Strunsky asked if we had a payment bond from this operator.

Mr. Rhoades responded that we do. The FBO has changed a number of times and the terms and conditions have always applied.

Commissioner Strunsky assumed that the payment bond is non-cancellable.

Mr. Rhoades responded that we typically ask for irrevocable letters of credit or other instruments that are permanently in place. He will check on it and get back to him.

Mr. Martin said that there is a standard provision that the bonding company is required to provide a 30 day advance notice if a bond is being cancelled. If the tenant does not provide a replacement bond the tenant can be declared in default and we can then go after the bond before it expires.

We have recently made calls to other airports seeking information about the amount of performance bonds they require. We generally found that other airports do not require performance bonds.

\* \* \*



I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Mr. Barry Taranto, taxi cab driver, noted that two speakers addressed concerns about out of town cabs. He suggested that the City Attorney research the issue and hoped that it won't be a problem in the future.

He thanked the Commission for its approval today and for working with staff. He credited Duke Briscoe for his professionalism. The Airport has a great staff. He hoped that Airport staff and the taxi industry can work together to convince the Taxi Commission of this importance of this issue.

The Airport's professionalism and interest in working and compromising on issues goes a long way in making things work in a positive way.

\* \* \*

J. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

K. CLOSED SESSION:

The Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

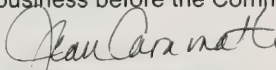
The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

\* \* \*

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9: 30 A.M.

  
Jean Caramatti  
Commission Secretary



# SAN FRANCISCO AIRPORT COMMISSION



## MINUTES

October 15, 2002

9:00 A.M.

DOCUMENTS DEPT.

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**WILLIE L. BROWN, JR., MAYOR**

## COMMISSIONERS

**HENRY E. BERMAN**  
President

**LARRY MAZZOLA**  
Vice President

**MICHAEL S. STRUNSKY**

**LINDA S. CRAYTON**

**CARYL ITO**

**JOHN L. MARTIN**  
Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT  
SAN FRANCISCO, CALIFORNIA 94128



Minutes of the Airport Commission Meeting of  
October 15, 2002

| CALENDAR<br>SECTION | AGENDA<br>ITEM | TITLE                                                                                                                     | RESOLUTION<br>NUMBER | PAGE  |
|---------------------|----------------|---------------------------------------------------------------------------------------------------------------------------|----------------------|-------|
| A.                  |                | CALL TO ORDER:                                                                                                            |                      | 3     |
| B.                  |                | ROLL CALL:                                                                                                                |                      | 3     |
| C.                  |                | ADOPTION OF MINUTES:                                                                                                      |                      |       |
|                     |                | Regular meeting of September 17, 2002                                                                                     | 02-0211              | 3     |
| D.                  |                | SPECIAL ITEM:                                                                                                             |                      |       |
|                     | 1.             | Election of Officers                                                                                                      |                      | 3     |
| E.                  |                | ITEMS INITIATED BY COMMISSIONERS:                                                                                         |                      |       |
|                     |                | Adjournment of meeting in memory of<br>Bob Rhoades, Deputy Director of<br>Business and Finance                            |                      | 3     |
| F.                  |                | POLICY:                                                                                                                   |                      |       |
|                     | 2.             | Airport Investment Rate Swap Policy                                                                                       | 02-0212              | 4-6   |
| G.                  |                | ITEMS RELATING TO ADMINISTRATION,<br>OPERATIONS & MAINTENANCE:                                                            |                      |       |
|                     | 3.             | Award of Contract 4300 - Timber Trestle<br>Improvements - Valentine Corporation                                           | 02-0213              | 6     |
|                     | 4.             | Modification No. 2 to Curbside Management<br>Program Contract #OPS PS 01-8022 with<br>ShuttlePort/DAJA SFO Joint Venture  | 02-0214              | 6-9   |
|                     | 5.             | On-Demand Door-to-Door Van Trip Fee<br>Adjustment                                                                         |                      | 9-11  |
|                     | 6.             | Supplemental Appropriation for the Free<br>Luggage Cart Program                                                           | 02-0215              | 11-12 |
| H.                  |                | CONSENT CALENDAR OF ROUTINE<br>ADMINISTRATIVE MATTERS:                                                                    |                      |       |
|                     | 7.             | Request for Qualifications and Proposals -<br>Contract 8148A - Airfield Seismic<br>Stabilization and Realignment, Phase I | 02-0216              | 12    |
|                     | 8.             | Modification No. 6 to Professional Services                                                                               |                      |       |





|     |                                                                                                                                                                                   |         |       |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-------|
|     | Contract 7021.3 - Runway Reconfiguration<br>Project - HNTB                                                                                                                        | 02-0217 | 12    |
| 9.  | Reject All Proposals - Lease for Second<br>Compressed Natural Gas Fueling Facility                                                                                                | 02-0218 | 13    |
| 10. | Award of Terminal 3 Discretionary Concession<br>Opportunity Lease -Swatch                                                                                                         | 02-0219 | 13    |
| 11. | Authorization to Issue a Request for Qualifications<br>For State Legislative Advocacy Services                                                                                    | 02-0220 | 13    |
| 12. | Modification No. 2 to Professional Legal Services<br>Agreement - Palmer & Dodge                                                                                                   | 02-0221 | 13    |
| 13. | Modification No. 1 to Professional Legal Services<br>Agreement - Morrison & Foerster                                                                                              | 02-0222 | 13    |
| 14. | Approval of Second of Three One-Year Options<br>for Airport Survey Contract to Polaris Research<br>and Development to Conduct Airport Passenger<br>Surveys for Calendar Year 2003 | 02-0223 | 13-14 |
| I.  | NEW BUSINESS:                                                                                                                                                                     |         | 14    |
| J.  | CORRESPONDENCE:                                                                                                                                                                   |         | 14    |
| K.  | CLOSED SESSION:                                                                                                                                                                   |         |       |
|     | Potential Litigation                                                                                                                                                              |         | 14    |
| L.  | ADJOURNMENT:                                                                                                                                                                      |         | 14    |



# AIRPORT COMMISSION MEETING MINUTES

October 15, 2002

## A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

\* \* \*

## B. ROLL CALL:

Present: Hon. Larry Mazzola, Vice President  
Hon. Michael S. Strunsky  
Hon. Linda S. Crayton  
Hon. Caryl Ito

Absent: Hon. Henry E. Berman, President

\* \* \*

## C. ADOPTION OF MINUTES:

The minutes of the regular meeting of September 17, 2002 were adopted unanimously.

No. 02-0211

\* \* \*

## D. SPECIAL ITEM:

Item No. 1 was put over.

### 1. Election of Officers

\* \* \*

## E. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Ito asked that the meeting be adjourned in memory of Bob Rhoades, Deputy Director of Business and Finance, who passed away suddenly on October 6, 2002.

\* \* \*

## F. POLICY:

Item No. 2 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.



## 2. Airport Interest Rate Swap Policy

No. 02-0211

Resolution approving an Airport interest rate swap policy.

Mr. Leo Fermin, Acting Deputy Director, Business and Finance explained that the Airport has finished issuing its debt to finance the Master Plan and now faces the challenge of managing that debt to lower debt service costs over time.

Last year a \$488 million refunding was undertaken to refinance bonds at a lower interest rate. This past March another \$365 million was done.

Besides refinancing debt, many issuers find that given the right market conditions the use of interest rate swaps and swap options provide another tool to lower the net interest cost on a debt portfolio.

An interest rate swap is a financial contract in which two parties exchange periodic interest payments based on an agreed upon principal amount. No principal payments are exchanged, just the interest payments where one party pays a fixed rate of interest and the other party pays a floating rate.

Before staff and the Airport's finance team commence work on constructing the first proposed swaps transaction, we recommend adopting a swaps policy which would establish the parameters for any proposed swaps transaction.

The proposed policy before the Commission was developed in conjunction with the Airport's financial advisors, bond counsel, feasibility consultant and the City Attorney's Office. The proposed policy has been reviewed and approved by the City's Chief Investment Officer, the Mayor's Office of Public Finance, the Deputy Controller and the City Treasurer.

The policy establishes the following key parameters ... (1) what the permitted uses of swaps would be, such as to lower the overall cost of borrowing; (2) it defines the prohibited use of swaps such as for speculative purposes, (3) it sets a cap on the total notional amount of swaps that the Airport can enter into set at 10% of the Airport's outstanding revenue bond debt, or currently approximately \$435 million, (4) it establishes stringent minimum qualifications for swap counter parties, (5) it establishes a requirement that the Airport financing team identify potential risks and risk mitigation strategies for the Commission prior to any swap, and that the Director seek Commission approval before implementing any swap transaction. The policy also requires staff to provide detailed quarterly reports to the Commission regarding the status of any Airport swaps.

If the Commission approves this policy the next step will be to develop legal documents for the first proposed swap transaction and return to the Commission for approval of both the documents and the transaction itself. We would also seek Board of Supervisors approval.

Our financial advisors have identified two potential strategies which could be candidates for our first swap transaction in early 2003. The first strategy



involves selling an option to enter a fixed to floating swap in connection with \$221 million of Issue 20 bonds. The Airport would receive an initial up front cash payment. If interest rates rise and the counter party exercises its option, in effect a portion of the Airport's fixed rate debt would convert into generally lower variable rate debt. The Airport would still preserve its ability to do a fixed rate refunding if interest rates decline.

The second strategy involves the sale of an option on a floating to fixed swap on \$72 million of Issue 2 bonds. This strategy would enable the Airport to lock in current low interest rates for a future refunding.

As previously authorized by the Commission we currently have underway an RFQ process for investment banking and related services. Through this process will plan to come to the Commission in December with a recommended pool of firms which could act as qualified swap counter parties.

Commissioner Strunsky said that staff has carefully minimized the element of risk. He said that he would feel more comfortable, if as part of the Commission's approval process, the Director signed off on all interest rate swap deals.

Mr. Fermin responded that he would.

Commissioner Ito asked if a separate fee would be imposed for each transaction.

Mr. Fermin responded that there would be.

Commissioner Ito asked if there was a range.

Mr. Fermin asked Mr. Peter Miller of Public Financial Management to respond to Commissioner Ito's question.

Mr. Miller responded that the fees are part of the interest rate that is paid, so there is no check written by the Airport to the swap provider. The fees for interest rate swaps are somewhat like the sale of bonds.

Commissioner Crayton asked why the rating has changed in the modified language.

Mr. Fermin responded that the original was in error. The policy was intended to say that whenever the Airport enters into a swap transaction it normally has two counter parties. The first of the two counter parties would have credit ratings at the higher end of the range, and the second counter party could have credit ratings one notch lower.

Commissioner Mazzola asked if Board of Supervisors approval was required.

Mr. Fermin responded that if the transaction is over \$10 million, or over 10 years in duration, Board of Supervisors approval is required. We will also seek approval of the swap documents and to enter into swap transactions





generically.

Commissioner Mazzola asked if we are required to seek Board approval to enter into swap transactions.

Ms. Mara Rosales, Airport General Counsel, responded that that is the advice of the City Attorney.

\* \* \*

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Award of Contract No. 4300 - Timber Trestle Improvements - Valentine Corporation - \$993,369

No. 02-0212

Resolution awarding Airport Contract No. 4300, Timber Trestle Improvements, to the lowest responsive, responsible bidder, Valentine Corporation, in the amount of \$993,369.

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance explained that work under this item consists of repair or replacement of timber and metal bracing, replacing pile wraps and splicing of damaged piles on the Airport's timber trestles at the end of three of the four runways.

This is a Federally funded contract. The DBE goal has been met, and the FAA has concurred with award of the contract to Valentine Corporation.

Item No. 4 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

4. Modification No.2 to the Curbside Management Program Contract # OPS PS 01-8022 with ShuttlePort/DAJA SFO Joint Venture - \$1,666,660

No. 02-0213

Resolution approving Modification No. 2 to contract with ShuttlePort/DAJA SFO Joint Venture for curbside management services, exercising the first year renewal option extending the term from October 1, 2002 to June 30, 2003 for an amount not to exceed \$1,666,660.

Ms. Alice Sgourakis, Landside Operations explained that this resolution approves the first of four renewal options for the ShuttlePort/DAJA contract.

The initial contract was approved in August 2001 for \$5,983,000. The contract work scope was significantly reduced due to the diminished demand that



resulted from the economic downturn early last year and the events of September 11.

In March 2002 the Commission approved the work scope reduction and the revised budget for the first contract year ... October 1, 2001 through September 30, 2002. The revised budget for that period was \$3,615,700.

To accommodate the reduced budget, while still retaining the necessary services, ShuttlePort/DAJA supervised, but the day to day coordination in the red and blue zones reverted back to the operators that had previously provided that service. That change took place in May 2002.

In order to maintain the critical elements of the Curbside Management Program, staff has been working closely with ShuttlePort/DAJA since March to institute economies in administration, staffing and operational procedures. One of the key changes is that while ShuttlePort/DAJA will resume the responsibility to staff and provide the curb coordination services at all three of the door-to-door van zones, the companies themselves will be billed directly by ShuttlePort/DAJA for these services ... curb coordinator wages, fringe benefits and for a small portion of the other direct costs. The permittees will be invoiced on a fixed prorata basis for the direct costs associated with the door to door element of the program. It is estimated that these fixed costs will be approximately \$2.70 per trip.

The taxicab and the limousine elements of the Program will remain the responsibility of the Airport and will be borne by the Airport and reimbursed from trip fees as in the past.

The contract term for this modification is for a nine month period ... October 1, 2002 through June 30, 2003, which is consistent with the City's fiscal year.

With the implementation of these changes, the compensation to the contractor by the Airport will not exceed \$1,666,660 for this nine month period.

Mr. Dan Lynch, Business Representative for Local 665, representing three of the companies providing curb coordinating services at the Airport.

This is the third or fourth move from company to company for some of these people in the last year and a half. Contracts are not set up for three months of benefits, they are accrued over a year. These employees are missing out on some benefits. They have questions about their wages, their benefits, their working conditions. Will their hours and schedules remain the same? He asked that these questions be cleared up before this moves forward.

Ms. Sgourakis responded that they met with the union on this issue last week and it is her understanding that there is a provision in the union contract with ShuttlePort/DAJA governing the recall provisions. It is her understanding that employees laid off as a result of this transition back to ShuttlePort will be called back under the Worker Retention Program at the same seniority and wages that they had when they left.



They will work with the union and meet with the members.

Mr. Martin assumed that there would be no reduction in staff hours.

Ms. Sgourakis responded that they will have to bid for their shifts but there should be no reduction in staff hours.

Commissioner Mazzola assumed that this reverts to ShuttlePort/DAJA and whatever is written in that contract will prevail.

Ms. Sgourakis added that the memo was sent out to make sure that the union was advised of the change and that they could advise their members accordingly.

Mr. Steve Hawkins, speaking on behalf of 13 other coordinators, said that this same situation arose when he was working with ShuttlePort and he was laid off. He had no seniority. He was then picked up by Lorries. They were told that this would happen one time, but here it is happening again. He does not know if this will affect his vacation again.

They need a contract.

Mr. Martin said that this situation is different from what occurred after September 11. They were layoffs then. There will be no layoffs now.

Commissioner Mazzola asked if there will be bidding differences on the shifts.

Commissioner Strunsky asked if they will carry their vacation time and sick pay benefits.

Mr. Lynch said that this is part of the issue. These employees are falling short of the one year term to accrue benefits.

Commissioner Mazzola asked if they pay into different health and welfare funds.

Mr. Lynch responded that they do.

Commissioner Mazzola asked if there is a possibility in the future of everyone in the industry signing the same agreement.

Mr. Lynch said that they are working towards that. He hoped that this will be the last move for these employees. Some of their fears have been allayed by Mr. Martin's comments.

Mr. Hawkins said that both ShuttlePort and Lorries have been very supportive. The question is when are these changes going to stop. He asked what will happen to the employees who have only been working for six months.

Commissioner Mazzola responded that they will not lose their jobs, however,





their shifts may change.

Item No. 5 was put over.

5      On-Demand Door-to-Door Van Trip Fee Adjustment

Resolution adjusting the Trip Fee for all On-Demand Door-to-Door Van Operators to \$2.25, effective November 1, 2002.

Ms. Sgourakis pointed out an error in the resolution, explaining that the proposed trip fee should be \$2.25, not \$2.50.

As part of the process of temporarily reverting the curb coordination staffing in the Red and Blue Zones back to the companies that were independently providing these services prior to the Spring of 2000, the Commission adopted Resolution No. 02-0111 which adjusted the trip fees for the operators in the Red and Blue Zones from \$3.25 to \$2.00 to reflect the Airport's reduced costs for the Curb Coordination Program.

Effective November 1, 2002, ShuttlePort/DAJA will again provide Curb Coordination staff for all three of the door-to-door van zones. With this change the companies in the zones will be billed directly by ShuttlePort/DAJA for the direct costs associated with the door-to-door elements.

To reflect this change, staff recommends a \$2.25 Airport trip fee for all of the on-demand door-to-door operators effective November 1. This recommendation is based on the allocation of ground transportation roadway, maintenance, facility and service costs, including the Curbside Management Program supervisory and other management costs.

The Red and Blue Zone trip fee payable to the Airport will increase from \$2.00 to \$2.25, and the Yellow Zone trip fee will decrease from \$3.25 to \$2.25. The \$2.25 trip fee will provide equity among all of the on-demand door-to-door operators and will recover the Airport costs at approximately the same percentage as we projected in the FY 2002/03 Rates and Charges package.

Staff met with the door-to-door operators on October 10 to brief them on the ramifications of this new approach

Mr. Eric Johnson, Airport Express, said that due to the events of September 22, 2001, they are against any increase. They are paying more for maintenance fees. Everything is costing them more.

Mr. Ray Sloan said that it was a year ago that the Commission increased the fees for curb service by 50%, raising it to the \$3.25 amount with promises of improvements to equipment. There have been no improvements. This is a severe blow to the drivers.





This was presented to the drivers on October 10 ... just last week. They have not had the opportunity to put together a more equitable proposal such as an incremental increase. Our drivers cannot handle this increase at this time.

He asked that the item be put over.

Commissioner Strunsky asked if this wasn't a reduction.

Ms. Sgourakis said that the \$3.25 trip fee alluded to by Mr. Sloan was in May 2000. Mr. Sloan is now talking about a \$2.25 trip fee to the Airport, in addition to the \$2.70 they will pay to ShuttlePort/DAJA for a total of \$4.95. However, this is equitable for all operators and is based on a pro rata share of their trips to the Airport.

The Airport will absorb the management costs, the overhead and the profit.

Commissioner Strunsky asked if they have had time to understand this issue.

Mr. Sloan said that they heard about this on October 10.

Ms. Cathy Ericksen, South and East Bay Airport Shuttle operating in the Yellow Zone, agreed with Mr. Sloan. This is not more equitable because the coordination fees were paid through loop fees. This now implements a 50% increase with a two week notice period.

This action will close quite a few companies.

She asked for a postponement of this item in order to come up with an alternative.

Mr. Dytanian Stringfellow, American Airporter Shuttle, said that they cannot sustain business nor can they afford an increase in loop fees. Shuttles are a valuable and beneficial service to SFO. Why can't alternative ways be sought to create revenue.

Before September 11 the \$3.25 cost was fair. After the economic crisis that followed 9/11 they have all been placed in a bind by paying for increased fees at SFO. They never received a break or reduction in loop fees or other expenses.

His company pays in excess \$20,000 per month to provide a convenient solution for SFO patrons.

Alternatives would be to add a tax to airline tickets; add a fast track billing system for vehicles entering the Airport; add gates to act as toll booths for vehicles entering the Airport.

He asked the Commission to put this item over.

Commissioner Mazzola asked if it's possible to put this over in order to hold



additional meetings.

Mr. Martin responded that Ms. Sgourakis and Mr. McCoy met with the operators last week. He does not see them reaching agreement. We have numbers that we have to meet in our budget. Fees are set in order to achieve cost recovery. However, some types of ground transportation operations cannot achieve cost recovery and this is one of those categories. This is the most equitable way to charge the fee. Fees are currently out of balance.

If it is the Commission's desire another meeting can be held.

Commissioner Strunsky said that he would feel more comfortable about this.

Commissioner Crayton wondered if we could go to phased increase.

Ms. Sgourakis responded that we have a limited budget for the Curbside Management Program ... we cannot exceed \$1,666,660. If ShuttlePort continues to staff the Yellow Zone at the Airport's cost we will exceed that budget. Time is of the essence.

Commissioner Crayton said that she understood the problem, however, she was concerned that they were not given enough time to determine how they would absorb the cost.

Ms. Sgourakis explained that we were going through our internal budget process trying to come up with a trip fee and an allocation formula. They did receive two weeks notice of the meeting on October 10.

Commissioner Mazzola recommended bringing this back on November 5.

Mr. Martin recommended staggering the fee increase ... going to \$2.10 on November 1, and \$2.25 on May 1, 2003.

Commissioner Mazzola asked why we can't have another meeting.

Mr. Martin asked Ms. Sgourakis if we can approve the ShuttlePort contract without the fee increase.

Ms. Sgourakis responded that we will do what we can.

Commissioner Crayton approved of the compromise.

Commissioner Mazzola asked that the item be put over to November 5.

Mr. Martin said that we will hold this over until November 5. We will go forward and let the operators know that ShuttlePort/DAJA will take this over and the operators will be obligated to pay the fee directly to ShuttlePort/DAJA.

Item No. 6 was moved by Commissioner Mazzola and seconded by



Commissioner Strunsky. The vote to approve was unanimous.

6. Supplemental Appropriation for the Free Luggage Cart Program - \$2,427,111

No. 02-0215                      Resolution authorizing to request a supplemental appropriation in the amount of \$2,427,111 to fund the Free Luggage Cart Program in the Customs area.

Mr. Fermin explained that the Commission approved the FY 2002/03 budget on February 19, 2002. When the budget was prepared, along with other expenditure cutbacks, it was contemplated that the free luggage cart program would be eliminated so it was not included in the FY 2002/03 submission. On April 22, 2002, the Board of Supervisors approved the new Luggage Cart Lease and Operating Agreement which included the free luggage cart program, as well as outfitting the carts with breaks for safety reasons for AirTrain.

During the June Board of Supervisors budget hearings staff requested that funding be added to the Airport budget for the free carts. Staff was advised to submit the request as a separate supplemental appropriation.

\* \* \*

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 7 through 14, was moved by Commissioner Mazzola and seconded by Commissioner Ito. The vote to approve was unanimous.

7. Request for Qualifications and Proposals - Contract No. 8148A - Airfield Seismic Stabilization and Realignment - Phase 1 - \$350,000

No. 02-0216                      Resolution approving the scope, budget and schedule for Contract No. 8148A, Airfield Seismic Stabilization and Realignment, Phase I, and authorizing the Director to issue a request for qualifications and proposals.

8. Modification No. 6 to Professional Services Contract No. 7021.3 - Runway Reconfiguration Project - HNTB - \$300,000

No. 02-0217                      Resolution approving Modification No. 6 for HNTB to provide support for the Environmental Impact Report and Environmental Impact Statement by updating runway layouts, forecasts and simulations necessary to assess projected statistics for capacity, delay, and aircraft noise impacts in the amount of \$300,000 for a new total contract amount of \$6,560,000.



9. Reject All Proposals - Lease for Second Compressed Natural Gas (CNG) Fueling Facility
- No. 02-0218                      Resolution authorizing the Airport Director to reject all proposals for a second CNG facility, issue an RFP addendum with amendments, and re-solicit proposals.
10. Award of Terminal 3 Discretionary Concession Opportunity Lease - Swatch
- No. 02-0219                      Resolution awarding the Terminal 3 Discretionary Concession Opportunity Lease to Swatch.
11. Authorization to Issue a Request for Qualifications for State Legislative Advocacy Services
- No. 02-0220                      Resolution approving a Request for Qualifications for State Legislative Advocacy services in Sacramento.
12. Modification No. 2 to Professional Legal Services Agreement with Palmer & Dodge LLP - \$50,000
- No. 02-0221                      Resolution approving Modification No. 2 to Professional Legal Services Agreement with Palmer & Dodge LLP to increase compensation by the amount of \$50,000; all other terms and conditions to remain the same.
13. Modification No. 1 to Professional Legal Services Agreement with Morrison & Foerster - \$180,000
- No. 02-0222                      Resolution approving Modification No. 1 to Professional Legal Services Agreement with Morrison & Foerster (Aviation contract) in the amount of \$180,000; all other terms and conditions to remain the same.
14. Approval of the Second of Three One-Year Options for the Airport Survey Contract to Polaris Research and Development, Inc. to Conduct Airport Passenger Surveys for Calendar Year 2003 - \$89,000
- No. 02223                          Resolution approving the second of three one-year options for the Airport Survey Contract with Polaris Research & Development, Inc. to





Implement Airport Survey Work for the year 2003  
in an amount not to exceed \$89,000.

\* \* \*

I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

\* \* \*

J. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

K. CLOSED SESSION:

The Commission did not go into closed session.

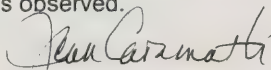
Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

\* \* \*

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:47 A.M. in memory of Bob Rhoades, Deputy Director of Business and Finance. One minute of silence was observed.

  
Jean Caramatti  
Commission Secretary



# SAN FRANCISCO AIRPORT COMMISSION



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## MINUTES

November 5, 2002

9:00 A.M.

 ROOM 400 - CITY HALL  
400 VAN NESS AVENUE  
CITY AND COUNTY OF SAN FRANCISCO

**WILLIE L. BROWN, JR., MAYOR**

## COMMISSIONERS

**HENRY E. BERMAN**  
President

**LARRY MAZZOLA**  
Vice President

**MICHAEL S. STRUNSKY**

**LINDA S. CRAYTON**

**CARYL ITO**

**JOHN L. MARTIN**  
Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT  
SAN FRANCISCO, CALIFORNIA 94128



Minutes of the Airport Commission Meeting of  
November 5, 2002

| CALENDAR<br>SECTION | AGENDA<br>ITEM | TITLE                                                                                                                                                        | RESOLUTION<br>NUMBER | PAGE |
|---------------------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------|
| A.                  |                | CALL TO ORDER:                                                                                                                                               |                      | 3    |
| B.                  |                | ROLL CALL:                                                                                                                                                   |                      | 3    |
| C.                  |                | ADOPTION OF MINUTES:                                                                                                                                         |                      |      |
|                     |                | Regular meeting of October 15, 2002                                                                                                                          | 02-0224              | 3    |
| D.                  |                | ITEMS INITIATED BY COMMISSIONERS                                                                                                                             |                      |      |
|                     |                | Accounts Receivable                                                                                                                                          |                      | 3    |
| E.                  |                | ITEMS RELATING TO ADMINISTRATION,<br>OPERATIONS & MAINTENANCE:                                                                                               |                      |      |
|                     | 1.             | On-Demand Door-to-Door Van Trip Fee<br>Adjustment                                                                                                            | 02-0225              | 3-4  |
|                     | 2.             | Redevelopment of the Domestic Terminals<br>Food and Beverage Program Lease                                                                                   | 02-0226              | 4-5  |
|                     | 3.             | Modification No. 8 to Professional Services<br>Contract 5000 with Leigh Fisher Assoc.                                                                        | 02-0227              | 5-6  |
|                     | 4.             | Award Contract 4372 - Airport-Wide As-Needed<br>Utility Replacement - JMB Construction                                                                       | 02-0228              | 6    |
| F.                  |                | CONSENT CALENDAR OF ROUTINE<br>ADMINISTRATIVE MATTERS:                                                                                                       |                      |      |
|                     | 5.             | Modification No. 2 to MOU with National Oceanic<br>and Atmospheric Administration for Additional<br>Peer Review of EIS for Runway Reconfiguration<br>Program | 02-0229              | 7    |
|                     | 6.             | Modification No. 2 to MOU with BCDC for<br>Environmental Review of Potential Runway<br>Reconfiguration Program                                               | 02-0230              | 7    |
|                     | 7.             | Award Boarding Area F California Gifts Cart/<br>Kiosk - DeLaVe, Inc.                                                                                         | 02-0231              | 7    |
|                     | 8.             | Addendum to Boarding Area F Hub Handbag<br>and Accessories or Music Store Lease                                                                              | 02-0232              | 7-8  |
|                     | 9.             | Modification No. 3 to Legal Services Agreement                                                                                                               |                      |      |



|     |                                                                                            |         |      |
|-----|--------------------------------------------------------------------------------------------|---------|------|
|     | - Morrison & Foerster - Master Plan/Phase B<br>Contract and Airline Lease and Use Contract | 02-0233 | 8    |
| 10. | Exercise First-Year Option of Professional Services<br>Contract with Lazard Freres & Co.   | 02-0234 | 8    |
| 11. | Declaration of PFCs as "Revenues"                                                          | 02-0235 | 8-9  |
| 12. | Acceptance of Grant Easement for Crossing/<br>San Bruno (formerly U.S. Navy site)          | 02-0236 | 9    |
| G.  | NEW BUSINESS:                                                                              |         |      |
|     | Noise Monitors                                                                             |         | 9-11 |
|     | Curbside Coordinators                                                                      |         | 11   |
| H.  | CORRESPONDENCE:                                                                            |         |      |
|     |                                                                                            |         | 11   |
| I.  | CLOSED SESSION:                                                                            |         |      |
|     | Pending Litigation: CCSF v W.D. Spencer<br>Potential Litigation                            |         | 12   |
| J.  | ADJOURNMENT:                                                                               |         |      |
|     |                                                                                            |         | 12   |





# AIRPORT COMMISSION MEETING MINUTES

November 5, 2002

## A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

\* \* \*

## B. ROLL CALL:

Present: Hon. Larry Mazzola, Vice President  
Hon. Michael S. Strunsky  
Hon. Caryl Ito

Absent: Hon. Henry E. Berman, President  
Hon. Linda S. Crayton

\* \* \*

## C. ADOPTION OF MINUTES:

The minutes of the regular meeting of October 15, 2002 were adopted unanimously.

No. 02-0224

\* \* \*

## D. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Strunsky asked for a monthly report on Accounts Receivable.

\* \* \*

## E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Ito and seconded by Commissioner Mazzola. The vote to approve was unanimous.

### 1. On-Demand Door-to-Door Van Trip Fee Adjustment

No. 02-0225 Resolution adjusting Trip Fee for Yellow Zone On-Demand Door-to-Door Operators to \$2.00, effective November 1, 2002, with an increase to \$2.25, effective May 1, 2003, for all On-Demand Door-to-Door Operators.



Ms. Alice Sgourakis, Landside Operations explained that since 9/11 Airport staff has worked closely with ShuttlePort/DAJA to reduce the costs of the Curbside Management Program while retaining the services we need and maintaining the integrity of the program.

In May 2002 the responsibility of coordinating the Red and Blue Zones reverted back to the companies that had that responsibility prior to the Spring of 2000. As a result, the Commission adopted Resolution No. 02-0111, adjusting the trip fees for the Red and Blue Zones from \$3.25 to \$2.00 as they will be paying for those curb coordination services directly.

On October 15, 2002, the Commission approved renewing the Curbside Management Program contract for a second period. As part of that contract renewal, effective November 1<sup>st</sup> curbside coordination for all three zones will revert back to ShuttlePort/DAJA. The contractor will bill the operators directly for those services. The cost to the operators will include salaries, fringe benefits and a portion of other direct costs ... overhead and profit ... at a fixed rate of approximately \$2.60 per trip.

Staff met with the operators on October 10 to brief them on the ramifications of this new approach. The Commission, at its last meeting, directed staff to meet with the operators again to discuss a phased implementation of the Airport trip fee increase. That meeting occurred on October 21. Based on the input received at that meeting, it was determined that immediate adjustment of the trip fee to \$2.25 as originally proposed would pose an economic hardship on the operators, especially since they will be paying costs for curb coordination directly to ShuttlePort/DAJA. Staff therefore recommends the trip fee for the Yellow Zone be decreased from \$3.25 to \$2.00, making it consistent with the Red and Blue Zones. Effective May, 2003, the trip fee will be increased to \$2.25 for all door-to-door operators.

This recommendation is based on the allocation of the Airport's ground transportation roadway maintenance facilities and services costs, including the general administration and supervision provided by the Curbside Management contract.

The phased trip fee will provide equity for all of the door-to-door operators and will recover approximately 49% of Airport costs directly allocated to door-to-door vans. The May increase will recover approximately 55% of the Airport's costs.

Commissioner Ito was pleased at the compromise of this phased in plan.

Commissioner Strunsky mentioned a New York Times article that references the need for airports to reduce operating costs for concessionaires of all kinds.

Item Nos. 2 and 3 were called together and moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

## 2. Redevelopment of the Domestic Terminals Food and Beverage Program Lease



No. 02-0226

Resolution (1) rejecting all of the qualifications submittals, and (2) authorizing staff to redevelop the Food and Beverage Program ("Program") with direct tenant leasing.

Mr. Gary Franzella, Acting Deputy Director, Business and Finance explained that Item Nos. 2 and 3 pertain to the Airport's food and beverage program which will be implemented in the domestic terminals upon the expiration of the master concession agreement with Host at the end of August, 2004.

Staff originally recommended the developer approach to this program wherein a third party, pursuant to a competitive process, would handle the planning, development and leasing of the new food and beverage program.

Consistent with the competitive process and Commission approval, the Airport entered into negotiations with MarketPlace Development. During the course of those negotiations, it became apparent to Airport staff that a direct leasing model, managed by the Airport with assistance from consultants, would produce a superior program than that which could be achieved through a developer model. Staff believes that a direct leasing model would be more cost effective, would produce a stronger DBE outreach effort, provide greater control to the Airport, and provide greater returns.

Item No. 2 requests approval to reject all submittals received in response to the developer RFQ and approval of the use of a direct leasing model for the domestic terminal food and beverage program.

3. Modification No. 8 to Professional Services Contract No. 5000 with Leigh Fisher \$1,334,000

No. 02-0227

Resolution approving Modification No. 8 of Professional Services Contract 5000 with Leigh Fisher Associates in the amount of \$1,334,000.

Mr. Franzella explained that in order to implement the direct leasing model staff will need the assistance and expertise offered by Leigh Fisher Associates. This modification extends the term to December 31, 2005, with an additional \$1,334,000, bringing the total amount of the contract to \$4.7 million.

Leigh Fisher will assist in space development, merchandise planning, tenant outreach and oversight of tenant construction. Staff will oversee Leigh Fisher's work, in addition to doing the leasing, street pricing analysis and implementation, and facility planning and development.

Commissioner Strunsky noted that Host's contract expires on August 31, 2002 and expressed concern about our ability, under the rules of public works contracting, to prepare and build the sites for occupancy by tenants in a timely manner so that it does not negatively impact the Airport or force us into a





negative negotiation with Host.

We need to begin a monthly reporting system which will include a schedule, similar to the quarterly reporting system during the Master Plan.

Commissioner Strunsky said that this is a large project we are undertaking and will require appropriate monitoring systems to be put in place.

Mr. Martin responded that Commissioners will be briefed within the next two weeks on the food and beverage program schedule. He agreed that a monthly tracking system is needs to be implemented. Although this is a short schedule, the plan is doable.

Commissioner Ito noted the challenges we have with existing leases and was concerned about receiving adequate bids because of the economy.

Mr. Martin said that we will be packaging the bid differently. Most of the new food and beverage tenants will have two, three or even four locations, which should provide protection.

This will be marketed aggressively. The same basic team used in the International Terminal will handle this effort, so we will benefit from that experience.

Item No. 4 was moved by Commissioner Strunsky and seconded by Commissioner Mazzola. The vote to approve was unanimous.

4. Award of Contract No. 4372 - Airport-Wide As-Needed Utility Replacement  
JMB Construction, Inc. - \$1,086,300

|             |                                                                                                                                                                                        |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 02-0228 | Resolution awarding Contract No. 4372, Airport-Wide As-Needed Utility Replacement, to the lowest responsive, responsible bidder, JMB Construction, Inc., in the amount of \$1,086,300. |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Mr. Ernie Eavis, Deputy Director, Facilities Operations and Maintenance explained that this contract provides for an as-needed contractor to take care of emergency utility repairs and replacements at the Airport, as well as replace the oldest portions of the infrastructure.

This contract was previously bid in September 2001. The bids were subsequently rejected due to the uncertainty of our finances. JMB Construction was the successful bidder both times.

The contractor has met the M/WBE requirements.

\* \* \*

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:





The Consent Calendar, Item Nos. 5 through 12, was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

5. Modification No. 2 to Memorandum of Understanding with National Oceanic and Atmospheric Administration for Additional Peer Review of Environmental Impact Studies for the Runway Reconfiguration Program - Not to exceed \$90,000

No. 02-0229                      Resolution approving Modification No. 2 to Memorandum of Understanding with National Oceanic and Atmospheric Administration (NOAA) for additional peer review of the Environmental Impact Studies for the Runway Reconfiguration Program in an amount not to exceed \$90,000.

Commissioner Ito noted that on Item Nos. 5 and 6 the MOUs are extended to June 2003.

Mr. Tom Kardos explained that the reason is because of the time needed due to the bureaucracy of the approval process. We wanted the MOUs finalized and in place by the beginning of the new fiscal year.

6. Modification No. 2 to Memorandum of Understanding with the San Francisco Bay Conservation and Development Commission (BCDC) for Environmental Review of a Potential Runway Reconfiguration Project - Not to exceed \$125,000

No. 02-0230                      Resolution approving Modification No. 2 to the Memorandum of Understanding with BCDC for environmental review of a potential Runway Reconfiguration Project in an amount not to exceed \$125,000, for a total amount not to exceed \$575,000.

7. Award of the Boarding Area "F" California Gifts Cart/Kiosk Lease, A Disadvantaged Business Enterprise Set-Aside - DeLaVe, Inc.

No. 02-0231                      Resolution awarding Boarding Area "F" California Gifts Cart/Kiosk Lease, a DBE, to DeLaVe, Inc., subject to Human Rights Commission approval of its Nondiscrimination Plan for Employment and determination of compliance with the Equal Benefits Ordinance.

8. Addendum to the Boarding Area "F" Hub Handbag and Accessories or Music Store Lease

No. 02-0232                      Resolution approving revised lease specifications



and minimum qualifications, and authorizing staff to issue an addendum for the Boarding Area "F" Hub Handbag and Accessories or Music Store Lease.

9. Modification No. 3 to Legal Services Agreement with Morrison & Foerster LLP Master Plan/Phase B Contract and Airline Lease and Use Contract - \$200,000

No. 02-0233 Resolution approving contract Modification No. 3 to legal services agreement with Morrison & Foerster LLP to increase compensation by the amount of \$200,000 (re Master Plan/Phase B and Airline Lease and Use contract)

10. Exercise the First-Year Option of the Professional Services Contract with Lazard Freres & Co., LLC

No. 02-0234 Resolution authorizing one-year extension of the Professional Services Contract with Lazard Freres & Co., LLC for consulting services regarding bond ratings and rating agencies, and increase the maximum contract amount from \$135,000 to \$270,000.

11. Declaration of PFCs as "Revenues"

No. 02-0235 Resolution designating \$13 million of Passenger Facility Charge (PFC) revenues from PFC Application No. 2 for payment of debt service on bonds issued for International Terminal common use equipment in Fiscal Year 2002/03.

Commissioner Strunsky expressed his concern with this "direct gift of \$13 million a year to the airlines".

Mr. Martin explained that this continues the program that was implemented after 9/11 where we use PFC revenue to pay down the debt service for common use equipment in the International Terminal. It is a direct benefit to the airlines, but we are sensitive to the costs the airlines are facing in the short term with the downturn in traffic. This downturn came at the worst possible time with our enormous debt obligations on our facilities. This is a way of providing some reasonable but major relief for the airlines. It also allows us to remain competitive with other major U.S. airports.

Commissioner Strunsky asked if this required yearly authorization.

Mr. Martin responded that it does.



Commissioner Strunsky encouraged the Commission to look at this on a yearly basis with respect to passenger volumes.

12. Acceptance of Grant of Easement for the Crossing/San Bruno (formerly the U.S. Navy Site)

No. 02-0236

Resolution recommending to the Board of Supervisors authorization for the Director of Property to accept one Avigation Easement from Martin/Regis San Bruno Associates for the Crossing/San Bruno (formerly the U.S. Navy), a mixed use development.

\* \* \*

G. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Mr. Timothy Treacy spoke on the Airport staff/Community Roundtable proposal to remove remote noise monitoring stations located in San Francisco.

Six remote noise monitoring stations were installed in San Francisco in 1987 subsequent to a unannounced shift in aircraft traffic patterns from San Mateo County to San Francisco. These monitors have provided an important continuing record of aircraft traffic patterns over San Francisco and were extremely useful when the Airport's plan for runway expansion was brought up a couple of years ago. An early report showed, based on monitor data, that there will be a substantial impact on San Francisco neighborhoods. Now staff is proposing to remove these monitors. He does not understand the justification for this action.

The rationale for the removal is simply "accessibility and logistical reasons." Secondly, the proposal is based on selected data from the most recently reported quarter only ... the fourth quarter of 2001. Looking at earlier quarters provides a very different story of traffic patterns at the monitor locations.

They are also concerned about losing the permanent record provided by the monitors.

The proposal suggests that portable monitors will be used as a replacement and that they will be employed according to State standards. They will provide a limited record, not a daily record.

The groups in San Francisco responsible for getting these monitors installed have not been consulted. This has all been done by Airport staff and members of the Roundtable, a San Mateo County-based organization.





According to the Airport's 2002 report, traffic patterns that will emanate from the proposed new runways will increase noise on Treasure Island and the southern portions of San Francisco. This is a shift in noise and these monitors will be vital to reflect what is going on. A monitor should be installed on Treasure Island.

The criteria for removing these monitors is based on CNEL considerations. These monitors record single events, which are recognized by individuals in this field as being important considerations, but they are not addressed at all. .

On behalf of the organizations he represents, particularly the Forrest Hill Association which will be terribly impacted if this proposal goes through, he thinks it is unwise and unjustified to remove these monitors. The work that staff has done so far does not support this decision.

Mr. John Costas, Chief of Staff, explained that the Aircraft Noise Abatement Office has for the past couple of years been pursuing the upgrade of this 20 year old system. In this upgrade we will be employing newer model monitors ... a combination of fixed and portable monitors. There is no indication at this point to reduce the number of monitors in San Francisco.

No data will be lost, as Mr. Treacy suggested. All data is kept in the office and is accessible for additional studies and mitigations.

Mr. Costas noted Mr. Treacy's comments that the fourth quarter of 2001 was used as justification for readjusting monitors. The fourth quarter of 2001 was the worst period in terms of noise impact, so it provided a good indication of how to relocate noise monitors in San Francisco.

The portable machines are newer and they will be able to identify more accurately not just the community noise level but also single events. They will also be able to separate background noise from aircraft noise.

This issue has been at the Roundtable for the last six months to a year. It has been addressed about half a dozen times. The San Francisco rep has been advised. This is just an approval to go ahead and try to implement a new system of monitors to more accurately read noise in San Francisco and the whole Peninsula.

Mr. Treacy will be contacted. Mr. Treacy and his association have had accessibility to the Roundtable and have been given information about this. We would be more than happy to speak with him after the meeting.

Commissioner Strunsky asked if this issue will come before the Commission before it is implemented.

Mr. Costas responded that the project to upgrade the system may come before the Commission, if it has not already done so under the Capital Improvement Program. He will check on it.

Commissioner Strunsky asked about the advisability of portable monitors over fixed monitors which gather information all day.





Mr. Costas responded that fixed monitors have a value, however, traffic does not follow a specific path each day under the same climatic conditions. Portable monitors give a better reading as to where noise is traveling. They are also a little more discernable as to the type of noise. The data gathered by fixed noise monitors over 15 years has not changed much. In San Francisco most of the monitors are in areas that are less than 65 CNEL. One of the reasons for the new technology is that anything less than 65 CNEL gets convoluted with background noise ... like truck movement.

This new program will develop more and better noise information. San Francisco Airport has just been recognized by the State or California as the first major airport in the State to meet Title 21 standards.

Commissioner Ito asked for the time line for informing the neighborhood associations.

Mr. Costas responded that informing the neighborhood associations in the next six months is the next step in the process. There has been at least one briefing to the surrounding communities. He understands that our San Francisco representative on the Roundtable spoke with Mr. Treacy. He will make sure that the communities and associations in San Francisco are addressed before implementation.

Mr. Melvin Esperanza, Curbside Coordinator, said that they were told by Mr. Martin that they would receive shift bids, however, they were never given the chance to bid. They weren't even given notice that they were going to loose their jobs. They were supposed to be worked into the new schedule. That did not happen. They received notice the day bidding began. They were also told that bidding would not be by seniority, but it was not. Some of them have lost their jobs. They have no more medical insurance.

Mr. Martin said that this is news to him.

Commissioner Mazzola said that jobs were not supposed to be lost.

Mr. Martin said that something is wrong. He will go back and get it straightened out.

Commissioner Mazzola asked Mr. Martin to get in touch with one of the union reps when he has information.

Mr. Aaron Moses, Curbside Coordinator, said that when this proposal was first presented they were told that they would all retain their jobs. He is now unemployed ... not because of his work, not because of anything he has done, but because the information that was given to them and the things that they expected have not occurred. He wants to work. He hopes and prays that the Commission can do something to help.

Commissioner Strunsky asked Mr. Martin to let him know as well.

\* \* \*

#### H. CORRESPONDENCE:

There was no discussion by the Commission.



\* \* \*

I. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:38 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled City and County of San Francisco v William D. Spencer, U.S. District Court Case No. C02-3086WDB; and, Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 10:05 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

\* \* \*

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:06 A.M.

  
Jean Caramatti  
Commission Secretary



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# SAN FRANCISCO AIRPORT COMMISSION



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## MINUTES

NOVEMBER 19, 2002

9:00 A.M.

✈ ROOM 400 - CITY HALL  
400 VAN NESS AVENUE  
CITY AND COUNTY OF SAN FRANCISCO

WILLIE L. BROWN, JR., MAYOR

## COMMISSIONERS

HENRY E. BERMAN  
President

LARRY MAZZOLA  
Vice President

MICHAEL S. STRUNSKY

LINDA S. CRAYTON

CARYL ITO

JOHN L. MARTIN  
Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT  
SAN FRANCISCO, CALIFORNIA 94128



Minutes of the Airport Commission Meeting of  
November 19, 2002

| CALENDAR<br>SECTION | AGENDA<br>ITEM | TITLE                                                                                                                                                                                          | RESOLUTION<br>NUMBER | PAGE  |
|---------------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------|
| A.                  |                | CALL TO ORDER:                                                                                                                                                                                 |                      | 3     |
| B.                  |                | ROLL CALL:                                                                                                                                                                                     |                      | 3     |
| C.                  |                | ADOPTION OF MINUTES:                                                                                                                                                                           |                      |       |
|                     |                | Regular meeting of November 5, 2002                                                                                                                                                            | 02-0237              | 3     |
| D.                  |                | DIRECTOR'S REPORTS:                                                                                                                                                                            |                      |       |
|                     | 1.             | Equal Employment Opportunity Report for<br>FY 2001-2002                                                                                                                                        |                      | 3-4   |
| E.                  |                | ITEMS INITIATED BY COMMISSIONERS:                                                                                                                                                              |                      | 5     |
| F.                  |                | ITEMS RELATING TO ADMINISTRATION,<br>OPERATIONS & MAINTENANCE:                                                                                                                                 |                      |       |
|                     | 2.             | Reimbursable Professional Services Agreement<br>- Siemens Dematic Group and DMJM Aviation                                                                                                      | 02-0238<br>02-0239   | 5-6   |
|                     | 3.             | Modification No. 1 to Professional Services<br>Contract 8136CM - Explosive Detection Baggage<br>Inspection Systems, Construction Management<br>Services - Cabellon Associates, Inc.            | 02-0240              | 6     |
|                     | 4.             | Authorization to Enter into Negotiations for West<br>Field Cargo Area Redevelopment Project - AMB<br>Property Corporation                                                                      |                      | 7-57  |
|                     | 5.             | Approval of Issue 29 Sale Resolution                                                                                                                                                           | 02-0241              | 57    |
| G.                  |                | CONSENT CALENDAR OF ROUTINE<br>ADMINISTRATIVE MATTERS:                                                                                                                                         |                      |       |
|                     | 6.             | Modification No. 1 to Bond Counsel Contract<br>Orrick Herrington & Sutcliffe, LLP as Lead, and<br>The Law Offices of Leslie M. Lava and Lofton &<br>Jennings as Co-Bond and Disclosure Counsel | 02-0242              | 57-58 |
|                     | 7.             | Modification No. 2 to Legal Services Agreement<br>with Morrison & Foerster                                                                                                                     | 02-0243              | 58    |
|                     | 8.             | Award Terminal 3 Professional/Collegiate Team<br>Sports Theme Store Lease - U-Threads, Inc.                                                                                                    | 02-0244              | 58    |

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| 9. | Approve Revised Lease Specifications, Minimum Qualifications and Addendum No. 2 for Terminal 3 Specialty Retail Store Lease and Boarding Area E Technology Showcase Lease | 58-59 |
| H. | NEW BUSINESS:                                                                                                                                                             | 59    |
| I. | CORRESPONDENCE:                                                                                                                                                           | 59    |
| J. | CLOSED SESSION:                                                                                                                                                           |       |
|    | Pending Litigation: CCSF v W.D. Spencer                                                                                                                                   | 59-60 |
|    | Potential Litigation:                                                                                                                                                     |       |
| K. | ADJOURNMENT:                                                                                                                                                              | 60    |



## AIRPORT COMMISSION MEETING MINUTES

November 19, 2002

### A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

\* \* \*

### B. ROLL CALL:

Present: Hon. Larry Mazzola, Vice President  
Hon. Michael S. Strunsky  
Hon. Linda S. Crayton  
Hon. Caryl Ito

Absent: Hon. Henry E. Berman, President

\* \* \*

### C. ADOPTION OF MINUTES:

The minutes of the regular meeting of November 5, 2002 were adopted unanimously.

No. 02-0237

\* \* \*

### D. DIRECTOR'S REPORTS:

#### 1. Equal Employment Opportunity Report for Fiscal Year 2001-2002

##### Annual EEO Report Fiscal Year 2001-2002.

Ms. Theresa Lee, Deputy Director, Administration presented the FY 2001/2002 EEO report. The report includes the Airport Director's annual renewal of the EEO policy, a workforce and utilization analysis, objectives for the EEO office, and activities projected for this fiscal year.

The utilization analysis is a comparison by gender, race and ethnicity in occupational categories of the Airport Commission's work force to the 1990 available labor market.

The Airport Commission's labor force as of June 30, 2002 reflect that most groups are well utilized compared to the U.S. labor force data; however, women utilization can increase.

Due to consolidation of functions and attrition all divisions labor force have either

staff reductions or remained approximately the same as the last fiscal year. The decreases in staff have not impacted any particular ethnic group, however, the labor force of female employees has decreased the most at the Airport.

The Airport Commission continues to make progress in the employment of underrepresented groups and women by engaging in a variety of recruitment efforts for positions that become available in the future. These efforts will include extensive and aggressive internal activities such as staff development, designing and offering training programs that will assist in the development of employees. Aggressive external activities such as more recruitment in business and professional minority and women organizations and professional journals, outreach at college and university job faires and working closely with labor hall representatives and with San Francisco and Bay Area community-based organizations.

The Airport Commission will continue to ensure equal employment opportunity at all levels of the City's occupational categories and to remove employment barriers where they are identified.

The EEO report will be disseminated to all department senior and management staff. It will also be available to any Airport Commission employee and members of the public who request a copy.

Commissioner Ito acknowledged Ms. Lee's efforts and that of her department in terms of working with the community, with all of the layoffs, and changes in the screening services, and the efforts made with INS to try and facilitate some of the transition that we were trying to assure for some of the long standing employees.

There are still some changes going on as we make the transition to the Federal Security system.

Ms. Lee said that those efforts are primarily within our Employment and Community Outreach and Partnership Office. Flynn Bradley, the manager, has been working closely with the TSA and their contractor, Covenant, in facilitating the transition. We participated in the job faire last Friday. There is another job faire this Friday or Saturday.

We have been out there aggressively providing information to the screeners as to opportunities and, we were providing information on citizenship in the earlier months.

Commissioner Crayton, looking at page 14, said that 9/11 had a lot to do with what she is seeing, however, some of the categories remained constant. She noted a slight loss in the African American workforce composition from 10.3 in 1999 to 9.6. And there is a slight decrease in other areas. Are there other levels that we can approach, such as trade organizations, to try to bolster that up? We can look at our senior management team in terms of what it looks like, i.e., males versus females, and various ethnicities within that group.

\* \* \*

E. ITEMS INITIATED BY COMMISSIONERS:

There were items initiated by Commissioners.

\* \* \*

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

2. Reimbursable Professional Services Agreement with Siemens Dematic Group and DMJM Aviation - Estimated Total Amount of \$3,050,000

No. 02-0238

No. 02-0239

Resolutions authorizing the Director to enter into Reimbursable Professional Services Agreements with Siemens Dematic Group and DMJM Aviation in the estimated total amount of \$3,050,000 to implement explosive detection baggage inspection systems in the domestic terminals.

The Airport's costs will be fully reimbursed by Siemens and DMJM Aviation.

Mr. Ivar Satero, Bureau of Design and Construction explained that the Transportation Security Act requires that 100% explosive detection systems be implemented at airports across the nation. The TSA was tasked with this implementation and contracted with Boeing to be the prime contractor. Boeing, in turn, contracted with Siemens for baggage systems, DMJM for design services and Turner for construction management services.

The Airport successfully negotiated with the TSA for Airport staff and subconsultants to provide project management, construction management and design services for the implementation of EDS in the domestic terminals. This was based on experience and expertise gained in the successful implementation of the EDS program in the International Terminal.

This resolution authorizes staff to enter into a reimbursable professional services agreement with Siemens and DMJM to perform the required services for the implementation of EDS in the domestic terminals.

Staff costs associated with this would be fully reimbursed for the program. To date, the TSA has committed \$21.7 million for the domestic EDS program, primarily covering United's permanent in-line solution, as well as Continental's re-check. It also covers interim solutions for the rest of the carriers.

There is a remaining balance that we will try to secure from Washington in the future.

Commissioner asked how this relates to the next item.

Mr. Satero responded that this resolution authorizes us to enter the reimbursable professional services agreement. This resolution includes the services of the next resolution for Cabellon Associates.

Commissioner Ito asked if this was part of the larger package that the Airport just approved.

Mr. Satero responded that this does not specifically included in the \$21.7 million. That was the construction cost of the permanent for United and the interims. The agreement we negotiate will commit to the Airport's costs. We don't yet have that in place.

Item No. 3 was moved by Commissioner Ito and seconded by Commissioner Strunsky. The vote to approve was unanimous.

3. Modification No.1 to Professional Services Contract No. 8136CM, Explosive Detection Baggage Inspection Systems, Construction Management Services Cabellon Associates, Inc. - \$1,881,000

No. 02-0249

Resolution authorizing the Modification No. 1 to Professional Service Contract 8136CM, Explosive Detection Baggage Inspection Systems, with Cabellon Associates, Inc. in the amount of \$1,881,000 for a revised total contract amount not to exceed \$2,181,000. These services will be included in the Airport's reimbursable Professional Services Agreements with Siemens Dematic Group and DMJM Aviation for the Airport to provide project management, construction management and design services for the implementation of explosive detection baggage inspection systems in the domestic terminals. The Airport will be fully reimbursed by Siemens and DMJM Aviation for these costs.

Mr. Satero explained that Cabellon Associates provided specialty expertise for the implementation of the International Terminal's EDS program. This modification expands their services to include the domestic terminals EDS. Their support has proven critical in the implementation of the International Terminal's program. They are an integral part of the domestic program as well.

Cabellon Associates will be part of the Airport's team, subcontracting with Boeing subcontractors for the domestic program for construction management. Their services will be covered in the reimbursable costs under the reimbursable professional services agreement that we enter into with the Boeing team.

Cabellon's DBE participation is 50%.



The following is a verbatim transcript of Item No. 4. Item No. 4 was put over to the meeting of December 3, 2002.

4. West Field Cargo Area Redevelopment Project

Resolution authorizing staff to enter into exclusive negotiations for a Lease Disposition and Development Agreement and Ground Lease with AMB Property Corporation for the West Field Cargo Redevelopment Project.

MR. JOHN MARTIN: Commissioners, we received two excellent proposals from AMB and from Airis, and the selection panel that we convened has scored AMB higher than Airis, and that is the recommendation that I have before the Commission.

Gary Franzella, who is the Associate Deputy Director for Business and Finance, will outline the selection process and then he will also outline for you the presentations that we've scheduled today from the two firms and from our consultant.

Gary.

MR. GARY FRANZELLA: Good morning, Commissioners. Following my review of the recommendation before you we will have each of the proposers that was considered by the evaluation panel, Airis Holdings, LLC and AMB Property Company. They are both present and they are prepared to make a brief presentation to the Commission with an overview of their proposed redevelopment of the Airport's West Field Cargo area.

We have asked them to limit their presentations to 15 minutes and, of course, allow time for any questions the Commission may have.

Following their presentations, we will also offer a presentation from Airport consultant John F. Brown Company represented by managing consultant Daniel Muscatello.

If there are no questions at this time I would like to present our recommendation.

With the background and for the reasons I'll outline, we recommend that this Commission authorize staff to enter into an exclusive negotiation for the project with AMB.

As a matter of background, the West Field Cargo Redevelopment Project is seeking a third party redevelopment of a 24.6 acre site known as the West Field Cargo area. The area houses three of our oldest cargo buildings, all of which are in need of redevelopment and expansion to meet future cargo needs.

In April the Commission approved the issuance of a Request for Qualifications

which led to six submittals being received. All six were deemed to have met the minimum qualifications. On July 9<sup>th</sup> the Commission approved the inclusion of the four best qualified firms on a short list for consideration in the proposal phase of the project.

Obviously, both Airis and AMB were on that short list.

The Airport received no protests from any of the submitters related to the determination of the short list.

At that time, in July, the Commission also approved the proposed business terms and authorized Airport staff to issue a request for proposals to the four firms on the short list. The Commission also approved the proposed evaluation criteria for the proposals and that there would be a Business and Finance evaluation worth 50 points, a development plan evaluation worth 30 points, and an operating plan worth 20 points.

We issued that Request for Proposals and on October 10<sup>th</sup> we received three proposals. One was deemed non-responsive. The Airport then empaneled six individuals to comprise the evaluation panel called for in the RFP.

Panel members were recruited to take advantage of their individual expertise in the following fields ... airline operations, airport operations, architecture, construction engineering, finance and planning. Collectively, the panel had over 60 years of construction project management experience, including more than 25 years of experience with Airport facility development. They had over 25 years of architecture experience, and over 35 years of airline operations experience, including the management of airline cargo operations and facilities.

While the panel clearly saw strengths in both proposals, five of the six panel members scored in favor of the AMB proposal. With only one exception, AMB received the higher score from each panelist in each of the three areas.

Under development, AMB was scored 14% higher than Airis. While the panel recognized Airis had more complete construction detail, resulting in a perception of more accurate cost estimating and schedule projections, most panelists found AMB's proposal more esthetically pleasing, with better site utilization and circulation.

Also, AMB phasing was preferred as allowing more development flexibility and less disruption to existing operations.

In the area of operations, AMB's score was 13% higher than that of Airis. Most panelists found the AMB plan to have better access, better circulation, and better cargo flow.

Airis was viewed to have stronger security and maintenance plans, but AMB had the stronger marketing plan which lent to credence and development, phasing and revenue projections.

In the area of business and finance, AMB out-scored Airis by 19%, based on the panels ratings. AMB projects higher returns to the Airport and lower costs to subtenants. The AMB financing proposal for the project was also preferred by all of the panelists.

The panel's review and assessment of the two proposals is consistent with that of Airport staff. Accordingly, this item seeks your authorization to enter into negotiations with AMB for the project Lease Disposition and Development Agreement and the ground lease with the entity that submitted the highest scoring proposal, AMB.

Such an action by the Commission means selecting between two responsible and responsive proposals from two reputable firms, both capable of doing such a development. In the interest of full consideration of each proposal, unless there are questions, I would like to introduce the first presenter.

COMMISSIONER MAZZOLA: Are there any questions?

COMMISSIONER CRAYTON: I want to hear the ...

COMMISSIONER STRUNSKY: I don't have any questions of you, but I will have questions.

COMMISSIONER MAZZOLA: So, good ahead and introduce your first proposer. Now, our format's going to be 15 minutes each, inclusive of all speakers for each proposer ... whatever their team is.

MR. FRANZELLA: We've asked them to limit their presentations to 15 minutes.

COMMISSIONER MAZZOLA: Okay. Fine.

MR. FRANZELLA: At this time I would like to invite Ron Factor, Executive Vice President and Principal of the Airis Corporation to the podium for a brief presentation on the Airis proposal to redevelop the West Field Cargo area.

MR. RON FACTOR: (Attachment No. 1 is the power point presentation.) Honorable Commissioners, Mr. Martin, my name is Ron Factor. I'm with Airis Holdings. I'm here today to offer a respective overview of our project proposal. We take exception with the staff recommendation to the Commission and we would like to explain our objections and our concerns. We believe that the panelists may have had some serious oversights in their consideration.

While it is true that the panelists may have a collective history of aviation project development, it may not be so true that they have the expertise within a segment of the aviation market, and that is air cargo development.

Air cargo development has always been treated as the stepsister to the passenger side of the airlines. And it has been our sole endeavor for the last 18 years to develop this segment of the aviation business. We have grown as Airis, over these past 18 years, to be the preeminent developer in the aviation market. It has been our sole business for 18 years. And Airis has developed all of its projects; we have not farmed our development responsibilities out to any other firm.

During the course of the last five years, which is more important to the Airport, we have developed about 2.7 million square feet of aviation facilities. This important to note because this is, by far, the most preeminent position in the world ... especially in the U.S., as well.

We specialize in land constrained airports, like San Francisco. We have built facilities in other land constrained airports ... at Newark, Miami and JFK.

Airis is the property manager and marketing agent of our company. We do not farm those responsibilities out to anyone else. That's all done in-house.

Our tenant base are airlines and international carriers. It is not ... it is important to us and important to the economics of the project that the tenant base be filled with airlines who will be the perceived market in this facility.

We have a quick view of our proposed project. (Justin, will you go back to that.)

The project that we propose for the West Field Cargo area is a large facility. It is an unusual facility ... it is comprised of two stories and it has all of the ingredients that would provide a successful economic solutions for SFO.

Can you go ahead ... here we go. Can we go to the site plan? Okay.

It is based on the ability to through-put cargo efficiently and that is based on moving cargo from landside to air side. It also is based on having aircraft, wide-body aircraft, parked adjacent to the building. This is extremely important to gain tenant base to the project ... and that is our perceived market will be the Asian carriers and the European carriers ... not belly freight users, not passenger users. And as you can see in this diagram, we have three wide body positions next to the building, with the provision for future phase for six wide body aircraft. This is critical to the successful economic performance of this project. This is something that we offer in our plans, and this is something that is different than what AMB offers as well.

Now, there are other aspects to our proposal that we would like to present and that has to do with the financing elements.

Now, I have with me some experts in that field and I would like to have them step up. Sherman Golden, he's our bond counsel, and Randy Finken, with UBS-Paine



Webber who is acting as co-underwriter along with Morgan Stanley for this project. They will overview some of the oversights that we believe that panelists may have made in their evaluation.

MR. RANDY FINKEN: Good morning, Commissioners. My name is Randy Finken with UBS-Paine Webber. Airis's financing plan that has been utilized already at four airports in the United States utilizes Airport Special Facility Revenue Bonds that isolate all liability on the bonds to the project developer and none to the Airport.

They have issued \$350 million of such bonds for four projects. Bond holder security documents have been developed over that period of time with the interaction of Moody's and Standard and Poors. The bonds for the San Francisco project would utilize a AAA-rated bond insurance policy which would protect bond holders in any event of any cash flow shortages and, again, at no liability to SFO.

An additional feature of the bond insurance firm is that it is willing to guarantee the MAG to SFO. That is particularly important in terms of your evaluating what the minimum expected revenues are from the Airis proposal.

Moving on to eliminating risk, the AAA insured bond issue will be done in the historically low interest rate environment that we've also heard SFO is trying to refinance its own bonds under. That fixed rate will prevail for the entire 30 years of the ground lease and the sublease that Airis will have with its clients, bringing about more stability of rent for the tenants. And, that is what I would like to say, juxtaposed, we do understand that the competing proposal includes a floating rate bond for the period of time that it takes to construct and lease up the building which we believe ought to be given some consideration that there is some exposure to rising rates that may be in effect in 2006, or when that is refinanced on a permanent basis.

MR. SHERMAN GOLDEN: Good morning. I'm Sherman Golden, Golden and Associates. I just want to make one simple but very important point with respect to financing. Our financing structure delivers better economic benefit for the Airport ... better economic benefit for the Airport. It's better in two respects. One number, absolute dollar amount. We're guaranteeing approximately \$1 million more than our competitor. Number two, our guarantee is the most secure guarantee available in the marketplace ... AAA-rated guarantee. So, highest dollar amount, greatest level of security.

Secondly, and this is also a very important point, the formula that you derive, that your exercise to get that annual guarantee number is, in part, based upon occupancy rates.

We perform at 95% in terms of our occupancy in our proposal, as did our competition. But our current on-airport properties are 99.5% occupied. Ninety-nine point five percent occupied. That's at Miami International, Newark, JFK among others. To the best that we've been able to discern, our competitions on-

airport occupancy is about 56%. So, they perform at 95%; we perform at 95%. We're actually doing 99.5%, and they're actually doing 56%.

Thank you.

COMMISSIONER STRUNSKY: Is there ... how do you want to handle questions?

COMMISSIONER MAZZOLA: When they're done.

MR. FACTOR: We're not quite through.

COMMISSIONER MAZZOLA: I know you're not. So, when you're done.

MR. RON FACTOR:: There was a criticism also of the rates, of the rent rates, and one of the objectives of the RFP was to provide an economic environment that would attract airlines and protect the economic base of the airlines operating at the Airport.

We believe there is an oversight within the evaluation. We offered comparable rates, but a superior facility. Our rental rates are inclusive of MAG percentage rents and aircraft ramp rents, whereas our competitors did not include these things. These were submitted as a net ... their rental rates were submitted as net rates. And that is an imbalance of evaluation.

We also provide a better building. Our building is based on the highest quality materials and systems. It is based on a 50 year service life. Our intent is that while we acknowledge that we have a 30 year ground lease, we must, at the end of that time turn the asset back over to the City and give it a working life beyond that. It is designed for 50 year service so that at the end of the 30 years you have a 20 year service life of the building, completely paid, completely run and owned at that time by the City. We deliver 633,000 square feet in our phase one by February 2006, which exceeds the RFP requirements. We also base that on a very realistic construction period.

We also have a better operations plan than our competitor. As I said before, we offer three wide body positions in phase one, with the expansion capability to six wide bodies. As I said before, this is critical to the economic success of the project.

Our plan also offers that existing tenants move only once, and not during the tenant peak season.

Airis has a better security plan, and post September 11 this is an extremely important issue. Our plan incorporates stiffer requirements of the TSA in terms of landside movement and security of truck entries and exits. This is something that

we fully expect to be coming out in the regulations within the next few months or a year, and following the European lead in that regard.

Our project also includes \$4 million for security systems. Their's does not. Our system integrates with Airport infrastructure and police requirements. Their's does not.

It is interesting that at this meeting, this morning, you all approved about \$5 million of security-related improvements to the Airport. Our project has almost that same amount in it. Theirs does not.

We have a proven marketing track record. As Sherman said, our projects, both in the U.S. and in Europe, are 99.95% occupied. That is success.

I would like to introduce for the final comment, Laura, I'm sorry, Maynard Jackson, to talk about our local participation plan and sum up

Thank you, so much, Maynard.

MR. MAYNARD JACKSON: Chairman, members of the Commission, Mr. Martin, I'm Maynard Jackson. I'm the Chairman and owner of Jackson Securities. We are Atlanta-based. We have a San Francisco office. Standing with me now is Jo Mortenson who runs our San Francisco office. Is quite well known at the San Francisco staff. We have been blessed to be able to do business with you before. I wanted you to meet her. Thank you, very much.

As you can see, she is about to bring on some more investment bankers into the world. Two as a matter of fact. Both women.

We have every reason to believe that your interest in disadvantaged business enterprises, minority and female business enterprises is serious. That being the case, therefore, the presentation made to you by the Airis team came with a prepared team. Not only meeting but exceeding in every category what you want. We exceed your operating goals by more than 30% ... 50% on the finance team ... that's Paine-Webber / Jackson Securities ... 50/50. Thirty four percent on construction ... this is minority and female participation that we're talking about. And 42% on operations.

Now, what is the problem? The problem is that even if one is quite sincere about if you choose us we then will structure a minority and female business team ... disadvantaged business enterprise ... even if they are quite sincere about that, and let's assume they are ... if they are not successful that is a point of potential delay. If you say you've got to do it, you've got to do it, and they say, well, we're trying, but we can't quite get there. The best we can do is half of what you want. So, we've got to get the project moving, not delay the project.

This puts you at a disadvantage, believe me, as Commissioners and decision-makers.

And finally, I had the pleasure of serving as Atlanta's mayor for three terms ... 1974-1982 and 1990-1994. We built what at that time was the world's biggest airport. We built it ahead of schedule and within budget. We know how to do that, and so does Airis. Airis has never brought a project in that was not on time and on budget. In cargo, there is no company that matches Airis ... in cargo, on-site construction. And you have a very land constrained airport. It is very crowded. To be able to build successfully in that environment is going to take the best, and the best is Airis.

Thank you.

COMMISSIONER MAZZOLA: Okay, thank you. That's your fifteen ... does that conclude your presentation? Okay, any questions from the panel? You want to hear the other side first before you do them both?

COMMISSIONER CRAYTON: I want to hear the other side.

COMMISSIONER MAZZOLA: Okay. That's fine. Now we have representatives from AMB.

MR. FRANZELLA: Commissioners, I would like to introduce John Meyer from AMB Company ... Corporation. He's the ... okay, I'll let you introduce yourself.

MR. JOHN MEYER: Good morning. My name is John Meyer. I'm a Vice President with AMB Corporation and for the past five years of my 13 year career at AMB I've been the Director of AMB's Airport Facilities Group.

(Mr. Meyer presents a rendering of facility ... Attachment No. 2)

We are pleased to be here this morning and honored to have been selected by Airport staff to redevelop the West Cargo area at SFO.

Before getting into the meat of our presentation today, I would like to introduce the team members that are present at the meeting today. First, I'd like to introduce Hamid Moghadam, founder, Chairman and CEO of AMB. Lawrence Tonomuro, principal with Bank of America, Rick Moore and Dan Beyer, both V.Ps at Swinerton Builders, Edward Gee, principal of Edward J. Gee and Associates, and Mimi Henderson, principal of Henderson Capital.

I would now like to ask Hamid Moghadam to come up and brief the Commission on AMB's history and strength as a company.

MR. HAMID MOGHADAM: Thank you, John. Good morning, honorable Commissioners. We took a very different approach to the presentation this



morning. We were told that it would be best if we came before you and spoke openly about the merits of our proposal, knowing that staff and consultants and others have exhausted a detailed analysis. So, it would be almost disrespectful of the process you've set up for me to try to go through point by point and refute some of the statements that were made earlier. Let me just turn to AMB's background and talk about that, and perhaps if there are ambiguities, we can address them in the Q and A period.

AMB, I'm proud to say, was founded in San Francisco in 1983. The three founders live in the City and their initials are in the door. We're headquartered in this city and we are one of the largest owners of real estate in the Bay Area, owning about 12 million square feet of space.

We have done some very significant projects here in San Francisco, which, I think, is a very important aspect of our experience, including a very successful project at Pier 1, where our corporate headquarters is located, with the Port of San Francisco, 505 Montgomery, which is a highrise in downtown San Francisco, as well as numerous cargo buildings in and around the airport. I don't think either team has done a cargo project on the airport because this is a new approach for you. But, we've done them in many other areas.

We also have a 10+ year relationship with the City and County of San Francisco Retirement System, having been one of their most successful advisors and investment managers. The reason I bring that up is that there was a lot of discussion about women and minority-owned businesses. We know how to operate in the City of San Francisco. And, not only we meet the letter but also the spirit of all of those requirements.

CHANGED TAPE.

... for many, many years.

AMB went public in 1997 after a 15 year history as a private company. We are the largest, let me emphasize, the largest owners and operators of industrial real estate in major cities in the United States. We have approximately 100,000,000 square feet of space that we own in our portfolio. We are also the largest owners of on-tarmac facilities in the United States.

The reason ownership is important is that on-going tenant relationships depend on a committed owner, not someone who leverages the credit of particular airlines into a project that they later sell to another party. We are committed to our projects. We have held every single one of our cargo projects that we have developed within our portfolio. We think that is a very important distinction.

About a half a billion dollars of development has been completed by AMB ... a half a billion over the last four years. That's over 9 million square feet of space. We don't have to rely on this private information to inform you ... you can go on the New York Stock Exchange web page or on our own website and very quickly figure out that the company has a \$4.9 billion asset base, a \$2.3 billion net worth and market cap. Just to put that in context, if you look at the top six airlines, we

have a higher market cap and market value and a better credit rating than all the major network carriers. In fact, if you add them all up together we are 60% of the market cap of the entire network airline industry. So, when it comes time to issues of financability and ability to perform, let me tell you, we can write the check and we don't have to actually wait for any kind of financing to be lined up. Obviously, we're going to work on other more favorable terms of financing, because that, at the end of the day, is the way we deliver economic costs to our tenants, with whom we have a long term relationship. And that's very important to keep in mind.

We currently have about a billion dollars of capacity on our balance sheet and, literally, can write a check for up to a billion dollars tomorrow.

Let me also talk about our commitment to the cargo ...

COMMISSIONER MAZZOLA: Do you know how to spell my name?

MR. MOGHADAM: Excuse me.

COMMISSIONER MAZZOLA: I was wondering if you know how to spell my name. I was just ...

MR. MOGHADAM: I would probably miss a "z" ... but I'll try.

The reason we think the commitment to the cargo business is important and changing is that the old world of cargo development was really about signing leases with tenants and then financing those leaseholds. In effect, basically making a deal with the airlines; having the airlines self-finance.

That's not what you're talking about here. What you're talking about is a speculative, risky development project with no tenants in place. Our balance sheet comes into play in that case. Anybody can sign up a lease with a tenant and then try to leasehold underneath that. That's a very different approach.

Because we don't flip our projects we operate them in a first class manner. We own them; we have never sold a single one.

And, by the way, there was some discussion about different occupancy levels in our portfolio. First of all, those numbers are not accurate. Our operating portfolio is 94% occupied.

And, by the way, there's a reason why our competitors portfolio is 99% occupied ... they only do build to suit development deals with pre-existing tenants. So, by definition, those portfolios are 100% pre-leased. But that's not the nature of the project that you're talking about here.

So, with those introductory remarks, let me turn it back over to the rest of the team

for some comments.

COMMISSIONER MAZZOLA: Thank you.

MR. JOHN MEYER: We've put together a very creative design that accomplishes the goals of the Airport, the City, and the airlines, all with no risk to the City or the Airport. But, before getting into the details of our design I'd like to speak for a brief moment about AMBs extensive experience in the air cargo business.

Specifically, let me talk more globally about our portfolio, but specifically, on-airport, AMB currently has 26 buildings totaling 2.3 million square feet, located at 12 international airports. These facilities are located at two of the top three, and five of the top ten, and nine of the top 17 non-integrated airports in the U.S. These include air cargo facilities on tarmac at Dallas, Portland ... developments include air cargo facilities on tarmac at Dallas, Portland and Houston, which were all built with cash off of our balance sheet on a speculative basis and without any financial risk to any of the airports.

Many of AMBs development projects have been developed in a joint venture with local development partners, such as Trammell Crow who provided administrative and custodial services for the venture for a fee. In all cases AMB was the controlling partner, approved all design plans and budgets and made all capital and leasing decisions, and was the ultimate owner/operator of the assets. We continue to hold all of our assets in our portfolio.

Talking specifically on airport, Hamid mentioned our overall portfolio occupancy. In terms of the on-tarmac portfolio, economic occupancy of our on-tarmac portfolio is currently 94% ... not 56%.

Talking specifically about the design, the esthetically pleasing design we have developed utilizes the latest state of the art design concepts and material handling systems in the industry. The two floor warehouse design provides optimal site utilization maximizing the revenues to the Airport and minimizing the cost to the airline. That's a very important message.

Our unique phasing plan provides the least disruption to the existing tenant base, delivers the required square footage required by the Airport on schedule, and allows the Airport to meet future market demand.

We are experienced in dealing with airport security issues and have incorporated a security design into the project and will adapt design to satisfy all forthcoming TSA requirements.

Two of our team members are on the Cargo Subcommittee for the TSA and they are providing input to that Committee.

One further note ... we received the consultant's report last Thursday. There are a number of items that contradict what was presented as part of our RFP. Since

this has not been corrected, we would like for you to have a copy of the letter that we sent to the Airport last Friday asking for those corrections to be made. (Attachment No. 3)

AMB and its team will meet or exceed the 30% compliance standard that is required as part of the RFP. The team members are well versed in the MBE/WBE compliance in the City and have had significant success on past projects.

AMB, as Hamid mentioned, has long familiarity and experience with City requirements in various capacities, including Pier 1 and our investment advisory to the City and County of San Francisco.

Turning to Rick Moore, I'd like Rick to talk about Swinerton's commitment and success in this area.

MR. RICK MOORE: Thank you, John. Good morning, Commissioners. I am Rick Moore with Swinerton Builders. I am celebrating my 20<sup>th</sup> year with Swinerton and for the past 14 I have been Director of Affirmative Action Programs.

Swinerton is committed to the requirements. We are familiar with the requirements. We are committed to the goals. Our history is long and rich in contract compliance. Several of the projects that we've worked on in the past with other municipalities include the San Francisco Redevelopment Agency, San Francisco City College, the City of Los Angeles, Los Angeles World Airports, the Corps of Engineers to name a few.

Our recent projects, in terms of outreaching and committing to the local, minority and women owned business enterprises include Club Sport in San Francisco ... the goal was 41%, Swinerton did 48%; 250 Brannan Street in San Francisco with the San Francisco Redevelopment Agency was 41%, we accomplished 56%. We just completed the Gap headquarters, 250 Embarcadero ... while the goal was 41%, we completed 27%. Swinerton has never been found in non-compliance when it comes to MBE/WBE local programs with the clients and the municipalities who we work with.

In terms of the labor compliance, Swinerton, we're on the board of the Mission Hiring Hall. We're on the Advisory Council for the Construction Advisory Training Program associated with City College, and, we're Board members of the Bay Area Contract Compliance Officers Association that helps us partner with the local compliance officers in the Bay Area.

Swinerton ... we are a local contractor. Our contractor's license no. 92. We are in San Francisco. And we just bought a building at 260 Townsend Street where we are owners of the building.

Once again, we are committed to the program, we are committed to the goals and we are here to serve the community.

Thank you.



MR. JOHN MEYER: I would now like to ask Lawrence Tonomuro from Bank of America to come up and speak briefly about the financing of our project.

MR. LAWRENCE TONOMURO: Good morning, everyone. Lawrence Tonomuro. Bank of America Securities. I'm a principal based here in San Francisco. Thank you for the time.

I was going to start out by talking about the long term relationship that Bank of America has with AMB, but I think I feel I need to address really what was questioned by the other proposer in terms of the plan of finance.

The structure for the financing of this facility are long term bonds. They will be issued to pay for all of the project costs. I think I'd like to reiterate what Hamid said ... AMB has the balance sheet to pay for this out of their own pocket but will be looking for a letter of credit from Bank of America to help the bonds clear the market. So, we will have long term bonds secured ... guaranteed by a letter of credit issued by Bank of America. Bank of America has committed to deliver for AMB the letter of credit. In fact, AMB has a letter of credit capacity of up to \$500 million with the bank.

The balance sheet for AMB speaks for itself, but you couple that with the direct pay letter of credit that guarantee the bonds ... the bonds will be rated AA-.

I think the big issue here is zero risk to the Airport, zero risk with respect to any financial responsibility, obligation, liability. These will be special obligations secured by ... guaranteed by that letter of credit to be reimbursed by AMB.

In terms of this financing ... the approach, it provides for immediacy. This can happen right away. It does not require any pre-leasing of the facility. It doesn't require any setup. Literally, the Bank of America will deliver the letter of credit, again, for all of the project costs.

Yes, the bonds will be issued, initially in a variable rate. This is to provide for the lowest cost of financing for the tenants. It will also allow for flexibility. Now, AMB can mitigate all interest rate risks by entering into a simple interest rate hedge agreement ... a swap agreement, so to speak. They can mitigate all of the variable rate risks. This financing approach provides for, again, flexibility. It is long term financing. It is secure. It offers zero risk. Bank of America is on board and will deliver a letter of credit to support these bonds.

That's really all I have. Very simple. Straightforward.

COMMISSIONER MAZZOLA: Thank you. John, is that about it? You time is about up.

MR. JOHN MEYER: We need about two minutes to provide a summary.

MR. HAMID MOGHADAM: Thank you. We've covered a lot here. Let me just bring it back to the three or four important points. First, we believe we have a proposal that maximizes the site potential. Secondly, it provides the best economics to the Airport and the lowest cost to the tenants. Third, we have the financial and execution wherewithall to complete this project on time and on budget. And, finally, we are the internationally recognized firm in this business, and we are very committed to it, and we are based right here in San Francisco.

Thank you for your time.

COMMISSIONER MAZZOLA: Okay. Thank you. All right. Gary, now we have to hear from the consultant?

MR. GARY FRANZELLA: Commissioners, at this time I'd like to introduce Airport consultant, Daniel Muscatello. Mr. Muscatello is a managing consultant with the John F. Brown Company. He provided some summary notes of his review of the proposals in the operations and development area. He will explain in his presentation his scope and involvement with the Airport, and the scope and involvement of the John F. Brown Company on the project.

COMMISSIONER STRUNSKY: Can I just ask a question, Gary? Will Mr. Muscatello also be sharing with us their evaluation?

MR. GARY FRANZELLA: He will comment on his proposal summary that we provided to the proposers and to the Commission.

COMMISSIONER STRUNSKY: I'd be very interested in his evaluation of these two bidders. I don't think this is ...

COMMISSIONER MAZZOLA: I think you can ask him any question you want. You can ask him any question you want, Mike. So, let's ...

MR. DANIEL MUSCATELLO: I feel like I've been on the spot before we started here. I apologize for reading these remarks but they're fairly comprehensive, so please put up with me.

(See attachment No. 4 for Mr. Muscatello's remarks)

COMMISSIONER MAZZOLA: Okay. Thank you. Okay. I think we're now at the Commission to ask questions of whoever you want to ask questions. So, who would like to start? Michael. Okay. Commissioner Strunsky has some questions.

COMMISSIONER STRUNSKY: I'm just short of going to roll along here with no particular order. Mr. Goldberg ... Mr. Golden, you were very articulate in defining the difference between your financing proposal, and I think this is an area that is very hard for us inexperienced in this world to understand. Do you think you might ...

MR. SHERMAN GOLDEN: It took me 18 years.

COMMISSIONER STRUNSKY: Well, do you think you might give us some indication for your enthusiasm and optimism regarding your proposal as it compares with the AMB proposal.

MR. SHERMAN GOLDEN: Yes. A couple of different things. AMB spent a lot of time talking about how much money that they have. But they're planning on using the same structure, i.e. borrowing money from the tax exempt market to do the deal as we are, so the amount of money that they have is irrelevant. Number one. Number two. We're bring a higher level of guarantee. Bank of America, bless them. They're AA rated. Our guarantor is AAA rated. It's a better guarantee.

Secondly, I really want to emphasize this whole point about on-airport occupancy. On-airport occupancy. AMB has 94% occupancy throughout their entire portfolio. Their on-airport occupancy is very low in comparison to ours. That on-airport occupancy rate determines how much money you get. Do you want to go with somebody that has 99.5% occupancy ... now, today at Miami International, JFK, Newark and others. Or, do you want to go with somebody who has 56% on-airport occupancy? Those result in dollars in your pocket. And that's why I think we have a much better ...

COMMISSIONER STRUNSKY: Can you ... I know you weren't a member of the panel, but the figures that have been presented to us are clearly significantly biased towards AMB. Did the panel see something here that we are missing?

MR. SHERMAN Golden: In terms of what, now?

COMMISSIONER STRUNSKY: In terms of what you just said.

MR. SHERMAN Golden: Well, yeah ...

COMMISSIONER STRUNSKY: I mean under business and finance one panel member is 41/34. 43/38 ... I won't go through them all.

MR. SHERMAN GOLDEN: Well, to be honest with you they did a very good job in some aspects of their analysis, the selection panel. They totally, absolutely missed the ball on finance. They struck out. They didn't know the difference between a letter of credit and bond insurance. They didn't know the difference between AA rating and AAA rating. They totally missed it. Their analysis was good in certain other respects but it was clear that with respect to financing they had nobody advising them that knew what they were talking about, quite frankly.

COMMISSIONER STRUNSKY: The letter of credit that you referred to ... you, too, are providing a letter of credit. Correct?

MR. SHERMAN GOLDEN: No. We are doing bond insurance. AAA rated. Better than a letter of credit.

COMMISSIONER STRUNSKY: Okay.

MR. JOHN MARTIN: Just to clarify ... both firms are talking about the letter of credit and the bond insurance which are really for the benefit of the bond holders. That's of interest, but our primary interest is in protecting the Airport.

COMMISSIONER STRUNSKY: Doesn't that result in a lower interest rate, though, John?

MR. JOHN MARTIN: Yes.

MR. SHERMAN GOLDEN: Well, if I might correct Mr. Martin on that issue. The ... it's for the benefit of the bond holders and the Airport because our guarantee ... our AAA rated guarantee guarantees your rent as well as the bond holders.

COMMISSIONER CRAYTON: The MAG.

COMMISSIONER STRUNSKY: Does it include the MAG?

MR. SHERMAN GOLDEN: Yes.

COMMISSIONER STRUNSKY: Does the competition include the ... (interrupted by Mr. Golden)



MR. SHERMAN GOLDEN: It does include the MAG. So, we're bringing a AAA rated guarantee of the MAG, they're bringing a AA rated guarantee of the MAG, so it does make a difference to the Airport.

COMMISSIONER CRAYTON: I just want to follow up on some of the things that he said ... Sherman and others.

MR. JOHN MARTIN: You can have a seat. Or did you want someone ...

COMMISSIONER CRAYTON: Both people can stand up. It doesn't matter.

MR. JOHN MARTIN: Let's call people up as we have questions. Thank you.

COMMISSIONER CRAYTON: I think I'm going to talk to Mr. Muscatello. My questions are going to be for Gary and him.

My questions are ... I guess when I look at an evaluation summary and I see a large difference in terms of a scoring in a particular area from folk, either there was a lack of understanding, or a misunderstanding, or some confusion in terms of communication. And so, that's kind of how I looked at this. And then I went back and I looked at all the papers, I looked at the information provided, I looked at the fact that, number one, I'm not clear about how the panelists experience played into this type of an operation in that it is a new operation. Am I clear? Is that correct?

MR. DANIEL MUSCATELLO: Commissioner, I would, I think, have to defer to someone from the Airport on that question. I can tell you, quite frankly, that both of these proposals present a totally new concept in North America. A facility like this has never been built before in this country. It's used elsewhere in the world, but it is unique to here.

And, the size and scope of a project like this is very difficult for a committee, a review committee, to get its hands around without an enormous amount of background and time to really review something like this.

Now, I can't speak to, you know, what the selection committee thought processes were. We were deliberately insulated from this so that we would not create any kind of bias or pre-conceived notions in the committee.

Gary, did you want to add something to that?

COMMISSIONER CRAYTON: You know ... normally, we don't see the panel evaluations and so having seen this then, of course, it conjures up a lot of questions in your mind.

The other piece of it that is interesting is that ... first of all I want to say to both Airis to and AMB, they were very fine presentations. Very, very very fine information that has been provided. Lot's of analysis on my part has been done, and, I'm sure with the other Commissioners in terms of, you know, what it is that is being brought to the table. And, I still have other questions.

I guess, you know, I want to hear a little bit more ... I want the AMB person to come back up. Let me just ask you right quickly regarding the financing. Sherman has spoken. And I need to hear that ... I'm just trying to understand the big difference in terms of ... I hear some other things ... I understand bonding and letters of credits and all that, too. So.

MR. LAWRENCE TONOMURO: I appreciate what Mr. Martin said. In terms of giving everyone the framework. The issue is protecting bond holders while at the same time shielding the financial or pecuniary liability with respect to the governmental issuer. So, really, the big issue is making sure that, in all circumstances, bond holders get paid off because you don't want bond holders coming back to the Airport or to the City and County of San Francisco. So, in order to, first of all, consider protecting your balance sheet, so to speak, you want to look to having somebody else's balance sheet come into play so that, number one, you can clear the market, but, number two, guarantee that bond holders, if there is a default for any reason, God forbid, if there is a default for any reason, you want bond holders to be looking to be looking to, really, the deep pocket, the large institution, the guarantor, so to speak, so that they are made whole. And then it's left up to that deep pocket to work out, really, the issues with the obligor.

First of all, money is, for that matter, in this situation it is relevant because if you look at this financing what is being proposed is you can either do it as a project based financing, meaning that revenues generated by that project will spin off enough payments to cover those bonds. So, you can look at it from a project basis or you can look at it from a guarantee basis. We are committed today to provide the letter of credit. I did not hear whether or not there is an insurance commitment today. And, in fact, typically what you have to do is you have to look at that project, look at the tenants, look at the revenue stream, get that rated ...

COMMISSIONER MAZZOLA: Let's, let's ... I don't want you to do another proposal here. So.

MR. LAWRENCE TONOMURO: I apologize.

COMMISSIONER MAZZOLA: Is your question being answered?

COMMISSIONER CRAYTON: He's answered that question. But I have another question. No, for that piece, that's good. I understand that piece. Okay.

COMMISSIONER MAZZOLA: Thank you. Okay. Any other questions?

COMMISSIONER STRUNSKY: I've got a ton of questions.

MR. MAYNARD JACKSON: Mr. Chairman ... can I piggy back on this speaker? (He spoke over Commissioner Strunsky.)

COMMISSIONER MAZZOLA: No, no. Please. Let's just go by question by question. You'll find a way to get in. You're an ex-Mayor. You'll find a way to get in.

COMMISSIONER ITO: I just want to clarify on a point that Mr. Muscatello ... could you come back up, please ... some of the points that were raised were that the different financing packages would give us better rates in terms of the sales of the bonds. Do you agree with that?

MR. DANIEL MUSCATELLO: Commissioner, what I'm going to do is defer to the President of our company who is much more skilled in some of those financial areas than I am. He is here. Mr. Michael Brown.

MR. MICHAEL BROWN: Good afternoon, er, good morning, Commissioners. Excuse me. I'm still on the eastern time zone. The scope of our investigation or evaluation of the proposals did not go to that question of which financial package would produce the lowest cost of capital. They both intend to enter ... to finance on a long term basis using tax exempt debt issued through a conduit financier. I would suspect, setting aside the issues of credit enhancement, that the rates would be substantially similar. That is the interest rates on the bonds.

COMMISSIONER ITO: So, the difference in a AAA and a AA.

MR. MICHAEL BROWN: Aside from the credit enhancement question, which I'm not in a position to answer, would produce substantially similar rates. I'm not equipped at this time, because I really haven't looked into the question, of the relative merits of the LOC backed question, which is being offered by AMB versus the project financing AAA credit.

COMMISSIONER STRUNSKY: Well, I'm troubled. And this isn't your fault, or anything like that, but it would seem to me that the panel, who is preparing a proposal for this Commission would deal with just that problem ... that credit enhancement problem, and somebody would be able to say, based upon the credit enhancement issue, if the front end stuff is the same, one of them is better

than the other. From this evaluation I've got to believe that the AMB proposal is better, but I'm not hearing that. And, you know, I'm certainly not hearing that from a consultant to the Airport, and, as far as I know, none of these people are experts in bond related financing ... that they must have developed that knowledge on their own. So, I'm feeling a little out there in the cold.

MR. MICHAEL BROWN: I'm sorry I cannot provide any guidance on the issue of financial risk. It is not an issue that we looked at specifically in connection with these two proposals.

MR. JOHN MARTIN: Both firms are proposing to ultimately use tax exempt financing. Historically, that is what the Airport has always used for our financing, and I've handled our financing program since 1981.

Through the 80s many times we sold our bonds without bond insurance. The buyer of the bonds would then turn around and buy the bond insurance on their own before reselling the bonds because it was economic for them to do that. They could realize a higher profit. So, beginning in the 90s we put a provision in that they could ... the bidders on the bonds could bid with the bond insurance or without the bond insurance so that we could realize the economic benefit if that economic benefit existed.

I would expect that either firm would be able to access the bond insurance market. Their proposed long term financing is very similar. I think that the financing issues are ... AMB has a short term financing provision that Airis does not, and that Airis has a leasehold backing on the financing that Airis has that AMB does not. I think that, from my point of view, those are the distinguishing differences.

COMMISSIONER MAZZOLA: John, the statement has been made that nobody on the panel had expertise in the financing end of it. And, you need to ... Gary or you need to tell us if that's the feeling now that nobody had that expertise.

MR. JOHN MARTIN: Judith Blackwell has a financing background from the City of Atlanta.

COMMISSIONER STRUNSKY: And, interestingly enough, and, interestingly enough ... (interrupted by Mr. Martin)

MR. JOHN MARTIN: No, no. Not on the ... I think on the financing ... I don't have the scores in front of me. On the financing scores I think she still rated AMB first.

COMMISSIONER CRAYTON: I have them.



COMMISSIONER ITO: AMB is over ... Yeah. She did.

COMMISSIONER CRAYTON: And that's the reason why I had a problem with the scoring of the financing. Anybody with a lick of sense would know when you see scores this skewed something is wrong. With the understanding. Having said that, though, Gary, my question is this. In the RFP, and I know that Mr. Muscatello worked with you in putting that together ... did it exclude this kind of financing? That's what I want to know.

MR. GARY FRANZELLA: Commissioner, it did not exclude this type of financing offered by Airis. It did not exclude it, it did not prohibit it.

COMMISSIONER STRUNSKY: There was some question as to whether the letter of credit was a three year letter of credit or a 30 year letter of credit. Could somebody explain why there is that question.

MR. JOHN MARTIN: I think it's so simple, I think I can explain this. The three year letter of credit is for the short term financing period and then they would issue long term bonds.

COMMISSIONER MAZZOLA: Roll it over.

COMMISSIONER STRUNSKY: So, it wouldn't be necessary to issue a 30 year letter of credit. Why would Airis then be issuing a 30 year letter of credit?

MR. JOHN MARTIN: I can't imagine ... I can't imagine. Well, why would .... No, Airis is planning to obtain bond insurance. But a letter of credit is typically obtained for a short term financing, but not for long term financing.

COMMISSIONER STRUNSKY: But if three years from now the bond market was different than it is today, who would suffer from that?

MR. JOHN MARTIN: Gary, can you answer that?

MR. GARY FRANZELLA: Could I have the question again?

MR. JOHN MARTIN: If the long term bond interest ... if interest rates go up in the next three years, and interest rates are higher ...

COMMISSIONER STRUNSKY: In other words, if we went with AMB and three years from now the prime rate was 10% instead of where it is, who would take it in the chops?

MR. GARY FRANZELLA: I would imagine that the cost would be passed through to the subtenants, the airline tenants in the building.

COMMISSIONER STRUNSKY: And, so it would effect our ...

COMMISSIONER MAZZOLA: He needs to say something on this. Why don't you answer Mr. Strunsky. Try to answer Mr. Strunsky. Go ahead.

MR. HAMID MOGHADAM: Thank you. I felt at a bit of a disadvantage not having the opportunity to speak with you directly. This is actually very simple. We are talking about a two step financing process. One is during the construction phase, and one is during the operations phase. Historically, the way these deals got done is that you got the tenants in place because you signed up all the tenants. Then, based on their credit you would put some permanent financing, tax exempt financing, on the project. Anybody can do that. My seven year old can do that with no credit. The key thing is how are you going to commit your corporate credit during the time when we do not have the lease income stream in place. The critical period is the construction period. Because if you have another lender in place with all the requirements, you have very little flexibility. They want to be there approving every single lease you do, operational flexibility. So, it's just like building a house. You need money to do the construction and then you put a permanent mortgage on it. We have the ability to directly do the construction financing. In terms of mitigating the long term fluctuations in interest rates there are hedges and all kinds of capital market instruments available to do that. One thing about finance that is very simple is that there is no free lunch. And the only thing that reduces the cost of financing is the ability of an investor to understand risk and price it accordingly. And I can assure you that at the end of the day the tenants are one source of mitigating risk, AMB is one source of mitigating risk, bond insurance that anybody can buy is a source of risk, but what differentiates the two proposals is the strength of AMB corporate credit versus the Airis corporate credit. That's all. Everything else can be acquired.

COMMISSIONER MAZZOLA: You're making a pitch again. You're not answering the question, you're making another pitch.

MR. MAYNARD JACKSON: Mr. Chairman, is this my time now?

COMMISSIONER MAZZOLA: As soon as they ask you a question, you're going to put that in.

MR. MAYNARD JACKSON: I just saw the other side being recognized.

COMMISSIONER MAZZOLA: Well, that's because Michael asked them a question. Do you want to ask a question? Ask him a question, Mike. Will you?

COMMISSIONER STRUNSKY: Well, I'd kind of like to ask the same question.

UNIDENTIFIED SPEAKER: Excuse me, Commissioner Strunsky.

COMMISSIONER STRUNSKY: Mr. Moghadam was quite clear about this. Now do you have another a different cut at it?

MR. MAYNARD JACKSON: Yes, I do.

COMMISSIONER MAZZOLA: Okay. Come on and answer Mike's ...

CHANGED TAPE...

MR. ROBERT MCCARTHY: ... but, I want to just point out one quick thing here. The question never got answered by the gentleman from AMB. The question of Commissioner Strunsky was simply this ... if, at the end of three years the interest rate goes up, who's hide does it come out of. And there's only two answers. Either it gets passed through to the tenants, in which case their assumptions about providing lower rental rates goes out the window, or, it comes out of the net, and, if it comes out of the net, since their sharing the net with the Airport, then their projections that they are going to, in fact, provide more additional revenue to you than we, go out the window.

COMMISSIONER STRUNSKY: That's exactly what's concerning me. We are making an award here today based on facts that we don't know, if we are looking at an interest rate three years from now. Okay.

MR. ROBERT MCCARTHY: And, I want to just add that the same thing is true about the vacancy rates. You keep getting this global comment about 94% vacancy rates. We have their airport portfolio. I can draw it up right now. ...

COMMISSIONER MAZZOLA: Bob, Bob, Bob.

MR ROBERT MCCARTHY: ... And I will show you specific properties ...

COMMISSIONER MAZZOLA: (Interrupts Mr. McCarthy) Bob, you're out of order. Bob, you're out of order here. You're out of order.

MR. ROBERT MCCARTHY: Yes, sir.

COMMISSIONER MAZZOLA: We're answering Mike's question for the third time.

MR. MAYNARD JACKSON: Yes sir. Distinguished Commissioners.

COMMISSIONER MAZZOLA: All right. So long as I know where we are.

MR MAYNARD JACKSON: Distinguished Commissioners and Mr Martin ... thank you, sir. Maynard Jackson with Airis.

There are two issues that I would urge you to focus on. One you have focused on and that is this financing package. The difference is we are at 30 year lows on interest rates now and we can lock that in now with our program. Airis's program is a 30 year long term financing package, the same that they have except they want to do it in two phases. Who knows what the interest rate will be three years from now. Who knows? And the answer is why should you have to bare the risk on that.

The second issue is there is an issue that affects more than bond holders, it affects you. It affects the bond rating of the airport. These bond rating agencies are going to take a careful look at what may or may not be the risks involved as we move down the road. But if anything goes on .. I heard, for example that ... I wish somebody would correct me ... what I thought I heard was that this program being proposed by AMB would produce bonds rated at about AA minus. What is the bond rating of SFO now ... it's AA, is that correct?

MR MARTIN: That's right.

MR MAYNARD JACKSON: All right. So, if you're coming in with a AA rating and you're going to do a program that brings in bonds of AA minus, the rating agencies may get interested in that and it might have some negative impact on your rating itself. And I just wanted to bring that to your attention.

MR. JOHN MARTIN: We've discussed that with our financial advisors and I don't buy that.



COMMISSIONER MAZZOLA: Let me make a statement here. Let me make a statement here for all of the presenters and everybody. The Commission is doing this for the first time. We don't have the privy of being on the panel, we didn't hear everything so we have some questions. I know you all want to speak. It's kind of hard to hold you to the answer without giving a pitch so let's do the best we can to answer the question and not give a pitch. You already gave your pitch the first 15 minutes. And let's do the best we can to answer the questions.

COMMISSIONER STRUNSKY: I have another question.

COMMISSIONER MAZZOLA: So, Mr Strunsky, you're next.

COMMISSIONER STRUNSKY: There seems to be some confusion as to what AMBs occupancy rates are. I heard Mr. Moghadam say that there was an issue in the proposal or on the website or someplace that was out of context and that, in fact, on airport facilities ... on airport facilities are in the 90s, not in the 50s. Could somebody from both sides define what we're listening to here because the information is skewed?

MR. JOHN MEYER: Certainly. The first comment that Hamid Moghadam made was regarding our overall portfolio which is 97,000,000 square feet. That is currently, and is a public document, 94% occupied. I specifically talked about our on-airport portfolio ... (Commissioner Strunsky spoke over Mr. Meyer)

COMMISSIONER STRUNSKY: Yeah, I was interested in that.

MR. JOHN MEYER: ... and excluding, which I'm sure our competition will bring up, our development projects, which we build speculative developments, not buildings where we fully lease the building and finance it and then build it. We build speculative buildings on airport. Excluding those buildings, we are 94% economically occupied, meaning revenue coming in.

COMMISSIONER STRUNSKY: Okay.

COMMISSIONER MAZZOLA: Okay. Mr. McCarthy do you want to give your ...

COMMISSIONER STRUNSKY: Just on this issue.

MR. ROBERT MCCARTHY: I have a visual. (Attachment 5) I'm sorry.

COMMISSIONER MAZZOLA: That's all right.

MR. ROBERT MCCARTHY: This will give you a very specific picture.

COMMISSIONER MAZZOLA: I have it on my screen.

COMMISSIONER ITO: No.

MR. ROBERT MCCARTHY: Do you have a spread sheet?

COMMISSIONER MAZZOLA: Yeah, I have it here.

COMMISSIONER STRUNSKY: Here we go. It's very difficult to read, Mr. McCarthy. I would just ...

MR. ROBERT MCCARTHY: Punch it up, Jason. You know, make it bigger.

COMMISSIONER STRUNSKY: It's really a ...

MR. ROBERT MCCARTHY: What it turns out is, and let's be very direct, and I think you got an honest answer here for the first time on this issue ... AMB's airport portfolio comes in three places. They have a portfolio of properties that are not on the airport but they're in the cargo business and they're right next to airports. They're running, collectively, an occupancy rate of approximately ... correct me if I'm wrong because my eyes aren't that good ... 64%. Is that right, Jason?

MR. JASON FACTOR: Yes.

MR. ROBERT MCCARTHY: Then they have a different part of a portfolio ... those are 14 properties that are actually on airports. There are 14 of them. They are running 91% occupancy on those. However, what's interesting about that is that they did not develop any of the properties that are the 64%. They did not develop any of the properties on the 91%. And, interestingly enough, of the 14 properties that are running 91%, eight of those were originally developed by a predecessor Airis corporation. And the reason that they have such a good occupancy rate is because when they bought them they bought them with the long term leases that we put on the property.

But, let's talk about, at last, that which "they developed". First of all, they have never developed a property on an airport on their own. Up until last year Trammell Crow was their developer. They were the financier and Trammell Crow had the day to day responsibilities of actually developing the properties. They developed four. Those four properties ...

COMMISSIONER MAZZOLA: You're getting into something else. You're off the ...

MR. ROBERT MCCARTHY: No, no. Here's the point ... it's a 55% occupancy rate.

COMMISSIONER MAZZOLA: You're off the tenancy rate now ...

MR. ROBERT MCCARTHY: No, no. It's a 55% occupancy rate ...

COMMISSIONER MAZZOLA: You're into development.

MR. ROBERT MCCARTHY: I'm sorry?

COMMISSIONER MAZZOLA: You're off of the question. Come on, now. You're not cooperating.

MR. MCCARTHY: I'm sorry?

COMMISSIONER MAZZOLA: He wants to know occupancy rate.

COMMISSIONER STRUNSKY: I asked occupancy rate.

MR. ROBERT MCCARTHY: The occupancy rate of that which they have developed is 55%.

COMMISSIONER MAZZOLA: You answered that. Okay. Thank you.

All right. Where are we now? We're just starting. I took two valium and we're all right. Go ahead, Linda.

COMMISSIONER CRAYTON: (Commissioner Crayton did not speak into the microphone and her question was not captured on the tape)

COMMISSIONER MAZZOLA: So, who now do you want to ask this to, Linda?

MR JOHN MARTIN: Maybe our consultant. Can you answer that ... the number of square feet of cargo space that AMB has and that Airis has. We'll have to have both firms stand.

COMMISSIONER MAZZOLA: We can ask .. each of the proposers can answer it for you Okay? Can someone from AMB tell us how much cargo space you presently have? Is that your question.

COMMISSIONER CRAYTON: Yes.

MR. JOHN MEYER: The question is square footage on airport in cargo facilities ... in aviation facilities ... 2.3 million square feet, located at 12 airports. You can look on our website and look for that. If you look on their website you will find a lot of other facilities there that are not their facilities.

COMMISSIONER MAZZOLA: Okay. So, someone from Airis want to tell us how much square footage you have. Answer the question.

AIRIS REPRESENTATIVE: Currently, Airis has approximately 2.9 million square feet of space, both domestically and in Europe.

COMMISSIONER MAZZOLA: Okay. Thank you.

MR. HAMID MOGHADAM: I object ... that's misinformation .. (he spoke from his seat and his comments were not picked up on the tape.)

COMMISSIONER MAZZOLA: Are we going to do a joint venture here on this. We'll get this over with. If you guys do a joint venture, we'll get this over with.

No, no. That's okay sir. She got her answer.

AMB: (Unintelligible statement was made from the floor.)



COMMISSIONER MAZZOLA: I know. You made your statement, and she's got it. Okay, noted. Caryl.

COMMISSIONER ITO: Mr. Franzella, could you just come up. Because I know that we've been focusing on the financial package here because the ratings were quite different from the panelists of what we're hearing and some of the questions that have been clarified.

I have some questions in terms of the other areas ... in terms of development and operations ... and what I was hearing some strengths on the Airis side. I'm not hearing how the ratings then to me were inconsistent because, again, it was higher for AMB, particularly the issues of accommodating the future planning of widebody. One proposal includes one, the other was two. And, also the flow of traffic and the level of disruption during construction. Those factors, just overall ... and also the security plan, which I felt was perhaps underrated here in terms of a more comprehensive plan and inclusion of the financing of that in coordination with TSA. To me, those areas and how the ratings came out from the panelists were lopsided.

MR. GARY FRANZELLA: I can go through those with you. Under the operations section in general the majority found that the AMB proportion was operationally superior. It had better access and circulation on both the land side and the air side. One panelist preferred Airis's linear design rather than the "L" shaped design that you saw in the AMB proposal, but acknowledged concerns with a single entry and exit point off of McDonnell Road.

On the security aspect of the operations plan, the panelists clearly viewed that the Airis proposal was more detailed. A couple of the panelists suggested that perhaps it was too detailed given the evolving nature of security plans for cargo buildings and saw that as less of a pro on the terms of Airis.

COMMISSIONER STRUNSKY: Wouldn't it have been good to have the money in the project and then, you know, developed as you go? At least you have the money there. I would hate to face the people of San Francisco if we had a break in here.

COMMISSIONER MAZZOLA: Okay, Linda, does that answer your question for you? Oh, Caryl. I told you I'm confused.

COMMISSIONER ITO: Yes.

MR. GARY FRANZELLA: There was a couple of other aspects that ...  
(interrupted by Commissioner Strunsky)

COMMISSIONER STRUNSKY: I'd like to ask a quick question. The new airbus 380, which I think is in our lifetimes and in short order is going to be a major factor in air cargo, and maybe you can elucidate on that. Can both proposers accommodate ... appropriately accommodate Airbus 380?

MR. GARY FRANZELLA: Commissioner Strunsky, both proposals can accommodate a Category V aircraft, which is a 747/400.

COMMISSIONER STRUNSKY: Yes, I understand that. I said the 380.

MR. GARY FRANZELLA: The Airis proposal had a footprint where they believed in the future they could accommodate an NLA aircraft, a new larger aircraft, and the AMB proposal did not have that.

COMMISSIONER STRUNSKY: How can we build a project without looking to the future?

MR. GARY FRANZELLA: We have some facilities on Airport where there is parking capabilities for the NLA. But, I believe, you know, parking proximity to the cargo development is preferred.

MR. JOHN MARTIN: Our plan is ultimately to tear down the United Express terminal building ...commuter terminal. It may be now six years before that happens ... six or seven years. But we'd certainly rather have those carriers operating out of the main terminal building and that would then open up that area for more parking positions for both of the developers proposals.

COMMISSIONER MAZZOLA: All right. Any other questions now?

COMMISSIONER STRUNSKY: I've still got more.

COMMISSIONER ITO: I've still got more.

COMMISSIONER MAZZOLA: Okay. We've got 14 speakers after you. So, let's go ahead and ask them. Let's ask them.

COMMISSIONER STRUNSKY: Do you want me to continue?

COMMISSIONER MAZZOLA: Sure.

COMMISSIONER CRAYTON: Yes.

COMMISSIONER STRUNSKY: Can I ask Mr. Muscatelli. Is it Muscatelli?

MR. DANIEL MUSCATELLO: It's Muscatello. It's just like the wine and add an extra "lo".

COMMISSIONER STRUNSKY: Embarrassing question. If you were sitting up here instead of standing down there, how would you look at this? And, I recognize that both can do the job and both are perfectly capable of doing the job, unfortunately, we have to make a decision as to whether or not ... and I have lost some confidence in staff evaluation.

MR. DANIEL MUSCATELLO: I don't want to be evasive at all here, so let me first reiterate the context in which we looked at this. We basically were asked to take a look at the two documents as they were submitted and pull together factual information out of those documents for consideration by Airport staff and by the panel. There are several areas that are, I think, very germane to this that we do not have background and/or experience in, or did not have the time or the charge to actually investigate. These include such things as traffic engineering issues, the actual flow into the building. We've heard ... (Interrupted by Commissioner Strunsky)

COMMISSIONER STRUNSKY: Did the panel have that information?

MR. DANIEL MUSCATELLO: Did the panel have that ... I have no knowledge as to what the panel ... what kind of information the panel had other than what specifically we prepared for them. But traffic engineering is an issue here. We did not comment on that. We had suggested that it be explored.

There are issues regarding the quality of construction. One thing we noted in our comparison was a very substantial difference in the costs allocated to the foundation of this facility by an order of 100% difference in the foundation costs. Obviously, this has a substantial impact on the eventual flow through of the rental structure. But we are not prepared to comment on that because we are not construction engineers.

COMMISSIONER STRUNSKY: Contractually, however, if we award to the company that has the cheaper foundation structure and it turns out that they were wrong in their guess at this proposal time, who ponies up? Where does ... you

know, they suddenly find they, gee, we were wrong when we came before the Commission. They had the right number for foundation. So, who winds up making that ... (interrupted by Mr. Martin)

MR. JOHN MARTIN: I don't think you can ... I don't think anybody can answer that question yet because what is before the Commission ...

COMMISSIONER STRUNSKY: Why?

MR. JOHN MARTIN: ... is to authorize staff to enter into negotiations and we have to then sit down and negotiate all of these issues out and mitigate the risks through the negotiations.

COMMISSIONER STRUNSKY: Well, I think that under that basis we can pick anybody, you know, and just continue to negotiate and eliminate.

MR. JOHN MARTIN: I understand ...

COMMISSIONER STRUNSKY: It seems to me we want to pick the company that is the closest and also puts the least negotiating pressure on you. If, you know ... besides which, you know, it would seem to me that this is a proposal to guarantee cost at some point. Where are we on this?

MR. DANIEL MUSCATELLO: Commissioner, there are essentially three pots, discounting the bond holders, if I may for the moment, there are three pots that the money falls into. Either it is the pot that goes to the Airport and eventually, obviously to the City's use, the charges that accrue to the tenant, or the money that the developers take out of the project. Any change in any of these projects can effect one or all of those, and, as John points out, this is something that would have to be negotiated and addressed as these things come up.

That's one of the problems that we have. And I know you've asked me for a recommendation, but until a number of these issues we think can be more fully investigated, we would be very reluctant, I think, to come forward with a recommendation.

COMMISSIONER STRUNSKY: Maybe we're a little premature in making this decision.

MR. DANIEL MUSCATELLO: I can't comment on that, sir.



COMMISSIONER MAZZOLA: All right, any other questions before we go to speakers?

COMMISSIONER STRUNSKY: Yeah.

COMMISSIONER CRAYTON: He's got some more questions.

COMMISSIONER MAZZOLA: Go ahead, Mike. Ask them. As long as you keep asking them, we're fine.

COMMISSIONER STRUNSKY: On AMB, can you give us a specific project that you have developed on a airport that, if I were moving around the country, I could go see ... where you acted as the developer, and not just the funding/financing arm?

MR. HAMID MOGHADAM: We've actually developed four buildings in the last three years ... two in Dallas, they're called Dallas/Fort Worth One and Two. The third one is in Houston that is currently under construction, and the fourth one is in Portland Airport.

COMMISSIONER STRUNSKY: And that's where AMB was the ...

MR. HAMID MOGHADAM: Yeah. And let me describe exactly what the roles are so you know all the facts face up.

COMMISSIONER STRUNSKY: Well, I'm really trying to keep the answers as concise as the question.

MR. HAMID MOGHADAM: We were the controlling partner on all those developments.

COMMISSIONER STRUNSKY: No, I asked if you had a development partner.

MR. HAMID MOGHADAM: We have a development partner in everything we do, other than Bay Area. The only place we do not do development with a partner is in the Bay Area, and we've done numerous projects without here.

COMMISSIONER STRUNSKY: But no on-airport projects.

MR. HAMID MOGHADAM: No on-airport projects. And, we are, by the way, currently, since it was publicly announced today I can disclose it to you, we are doing a project in Singapore as we speak, which is a multi-story project that's been done.

COMMISSIONER STRUNSKY: On-airport?

MR. HAMID MOGHADAM: On-airport.

COMMISSIONER STRUNSKY: I mean a cargo facility?

MR. HAMID MOGHADAM: Yes. A multi-story one which is relevant experience because this is the first one of its kind in the United States. I think the clear experience to develop in San Francisco is also very relevant to this issue, and I can elaborate on that but I will respect the time.

COMMISSIONER MAZZOLA: Okay. Thank you.

MR. HAMID MOGHADAM: Thank you.

COMMISSIONER STRUNSKY: When, Gary, did we receive these proposals?

MR. GARY FRANZELLA: The proposals were submitted at 3:00 P.M. on October 10th.

COMMISSIONER STRUNSKY: October 10th?

MR. GARY FRANZELLA: October 10th. We forwarded them to the panelists on the 16th. The panel convened on the 31st. In talking to a couple of the panelists, they spent a number of hours ... eight to 10 hours per proposal, reviewing it, preparing for the panel meeting on the 31st.

COMMISSIONER STRUNSKY: That's all for right now.

COMMISSIONER MAZZOLA: Any questions for right now? All right. We have

some speakers that we ought to call so we can hear from you. Let's see. First, we have Fred Jordan. Is Mr. Jordan still here with us?

Can you tell us who you're with, please, Fred.

MR. FRED JORDAN: My name is Fred Jordan and I'm with F.E. Jordan Associates. I'm part of the Airis team. I've been around the Airport for a long time. Over 20 years. Over 20 projects. \$400 million CM on the last expansion. We are the architects and engineers for the North Field Cargo facility.

I have looked at the Airis proposal. It looks fine. It's progressive. I'm impressed. I've been through this with the Airport for the last four or five years. I can tell you it's a tight proposal. In addition, the only comment I have on the competition is that it's not going to be done in 13 months. It's not going to happen.

But let me say this, in addition to that, I met with Lou Turpen when he came to San Francisco. I used to be President of the San Francisco Black Chamber for eight years. I'm on the national board. I'm just sort of appalled that there is such a lack of regard for the local inclusion. I'm just sorry. I've worked on that. That's a value added program and I think that Airis brings in a highly committed team, has made its commitments and I think that this is what is part of the program in San Francisco. And, so all I have to say is that yes, we've graduated from the program many years ago but we came on the Minority Business Program back in the early 80s. Our joint venture partner on the North Field Cargo facility went bankrupt. It was the MBE program that put your facility in place today working.

I would urge you to seriously consider the Airis proposal.

COMMISSIONER MAZZOLA: Thank you, very much. Willie Ratcliffe.

COMMISSIONER CRAYTON: I think he's gone.

From the floor ... he had jury duty.

COMMISSIONER MAZZOLA: I'm on jury duty, myself. I've got to call in tomorrow. Mike Baines. Is Mr. Baines here?

MR. MIKE BAINES: First I'd like to say good morning to you. Our competition had a statement here which I say is 20 years in the construction business and a perfect record. If that so, why has there been a diminishment of capacity of local firms doing general contracting?

I think that one of the things that the Airis group and the Mortenson have demonstrated consistently is inclusion. The fact is it starts at the top ... the

financing, the design, and the construction. It's no longer driven by labor and craft by craft people statistical analysis. It has to be driven by policy makers, people involved in the chain of command, people that can say they can sit down and break out bid packages. That they can joint venture with subs. They can set up mentoring programs. They also look at protégé programs. Our company is an example of that.

We started in the construction business as a general contractor 10 years ago. We're probably the largest minority general contractor ... three projects presently in the City of San Francisco. So, as a former Airport Land Use Commissioner for Alameda County back in the 70s, I think I've seen the progress from the airports of developing opportunities for local companies.

We can talk construction, we can talk analysis, we can talk spreadsheets, but it really comes down to the ability of those contractors having opportunities at the head of the line so we, in the general contracting can have a say on who and how these deals are structured. And I think the Airis Group and the Mortenson Group, who I had prior experience in Alameda County, has worked very well together.

So, twenty years in the business doesn't make it successful if we're still here talking about the same issues today.

So, I think the Airis Group has been very innovative in its approach to the cargo and it has also been innovative in its approach to inclusion. And I think Mr. Jordan and Mr. Maynard have history. We don't have to go and hire consultants. We have people that have experience, who have committed their lives, their businesses to the formation of Affirmative Action. And I think that you have before you today not only two teams, but you have an opportunity to pick a team that is already in place to include inclusion so it reflects on the economic and social responsibility of the San Francisco County to include that we make sure that pre-apprentice programs, working with unions and having an opportunity to be for you so that in the future we can have more minority general contractors because 70% of these jobs are going to come from like you.

So, thank you very much, and vote for the Airis Group.

COMMISSIONER ITO: I just have a question. Mr. Baines, are you ... what is the name of your company?

MR. MIKE BAINES: Baines and Robinson.

COMMISSIONER ITO: Thank you.

COMMISSIONER MAZZOLA: And you're a general contractor.



MR. MIKE BAINES: Yes.

COMMISSIONER MAZZOLA: Okay. Thank you. Todd Lewis.

MR. TODD LEWIS: Good morning. I'm Todd Lewis with Omega Pacific Electrical Supply. We are a local San Francisco firm, certified firm, DBE and we've done work previously at the Airport on Boarding Area G and also the Rental Car Facility on Lot D. And we also presently supply Airport maintenance its lamps for the facility.

Swinerton Builders has been an inclusive firm that has invited us to work on a number of high profile projects in the area. They've allowed us, as a small business, inclusion to work on such projects. Not only for projects that require minority participation, but just normal construction, so we are highly encouraged by their flavor and their attitudes of working with small business.

I have cold so excuse my voice. Thank you.

COMMISSIONER MAZZOLA: Thank you, very much. Let's see. I'm going to get this wrong. Shahla Davoydi.

MS. SHAHLA DAVOYDI: Good morning. My name Shahla Davoydi and I say good morning because I'm a local San Francisco and that's what I'm here to support. If there is a project, if the economy is poor why do we have to go out and bring people from outside when we need work here? As far as the quality, both companies seem fantastically qualified but I am a great example of support that Swinerton Builders give to small businesses, women businesses and local businesses. When I started my business seven years ago, I have a reprographics firm, by the way, I had only nine employees. My first project came from Swinerton Walberg, that was Children's Center. We successfully finished that. And today I have more than 50 employees.

They provide opportunity for us, for small businesses, we provide employment for other small businesses and employees. They are out there. They need work. They have proof. It is written it is not in the picture, it is in the reality. That's all I am testifying. I am testifying on behalf of AMB.

Thank you.

COMMISSIONER MAZZOLA: Thank you. Okay, Jimmy Lee.

MR. JIMMY LEE: I'm with the Airis Group. I've met with Fred Jordan and (... unintelligible). They have put together an existing team, a very diversified team. It's not something that they're going to do in the future; they've already done it. I

support them because they support the local communities of San Francisco.

COMMISSIONER MAZZOLA: Thank you. Derek Smith.

MR. DEREK SMITH: Good morning. Derek Smith, Marinship Construction Services. I know many of you here today. We've done work with the Airport Commission for the last nine years since we've been in business. We have probably completed more work as a small minority contractor at the Airport than many firms in San Francisco. Most of the projects that we've completed include fire stations, quick turn around facility, underground utilities. Most of those projects have been low bid, competitive type projects where we've had to bid and we were successful as the low bidder.

This particular project, we have been asked to be a part of the Airis team with Mortenson and we are actually a part of the design build construction team. This gives us an opportunity to work with the architect, with the prime to carve out our scope of work, help in the design of our work. If we are doing underground utilities we add value in coming up with efficient, cost effective design in that area of work that we do all day long. So, this particular opportunity is a major opportunity for us. And, we've begun to do more private work. And, this is a private/public partnership. And, we feel like being involved now, at this point ...

COMMISSIONER MAZZOLA: Wrap it up, Derrek.

MR. DEREK SMITH: ... will give us a leg 24 months from now when we start construction. Thank you. And we won't have to bid to participate. We will already be on the team

COMMISSIONER MAZZOLA: Thank you. Okay. Annette Rocca.

MS. ANNETTE ROCCA: Good morning. I feel a little vertically challenged by the podium and the whole surroundings this morning. But let me just provide my personal experience.

I'm a San Francisco native and a long time resident of the Southeast section of the City. And I would like to urge the Commission to consider AMB Property Company as uniquely qualified to undertake the warehouse project at SFO. The qualifications I am referring to have little to do with airport construction management or construction financing, and everything to do with offering small local contractors an opportunity to excel. I am a licensed general contractor and 100% owner of a San Francisco construction company.

In 1999, AMB Property Company asked me to bid on the construction of a new Walgreen's Pharmacy in the Bay View Hunter's Point neighborhood. They also

asked two other locally owned contractors in the 94124 zip code to bid on the project. My company ultimately won the contract and successfully constructed the project. This was and still is the biggest contract to date that I have been awarded.

One of the reasons AMB selected my company for the project was because of the high number of minority and women owned local subcontractors listed our bid sheet. In addition to including local businesses, AMB requested that we hire and train members of Young Community Developers, a local job skills clinic located one block from the project.

I urge the Commission to consider AMBs status as a locally based business that hired women and minority firms to construct a private project in an area of San Francisco that corporate America has all but abandoned.

Thank you for your time.

COMMISSIONER MAZZOLA: Thank you. Richard Brown.

MR. RICHARD BROWN: First, let me apologize for the cap. I have it on for medical reasons, or otherwise I would take it off.

My name is Richard Brown. I work at Ella Hill Hutch Community Center and I've worked there for almost 20 years as a Program Coordinator. One of the programs that I coordinate is the Employment Service Program.

I've listened ... I've worked ... I've listened to both sides. They're both very impressive. It's obvious that they both can do the job ... I worked with participants on both sides. I don't normally come and speak for any contractors or anybody because I'm a community-based organization. Because of my working relationship with Mortenson ... and that's who I'm here today to support ... because of the working participation that I've had with Mortenson I felt compelled to come and speak today.

I first started working with them many years ... I think it was about 10 years ago. The thing that impressed me the most was that there was a San Francisco Redevelopment Agency clause that insisted that there be a 50% residential participation. Mortenson took this as the beginning. They started 50% and worked their way up. This impressed me. They didn't see it as the goal and try to get there and stop. They went passed that.

Excuse me, I do have cold also.

The thing that really impressed me is their sensitivity to the people of the community, especially when it came to entry level positions and women participation. What they did was went beyond the measurable objectives as far as working with entry level residents of San Francisco and saw that there were many, many barriers that people had to face and worked with Ella Hill Hutch to insure

that people had legitimate opportunities to stay on the job. Also with the women.

COMMISSIONER MAZZOLA: You'd better wrap it up.

MR. RICHARD BROWN: Okay. As far as, if we want to insure legitimate participation of San Francisco residents, I ask you to award the contract to Mortenson.

COMMISSIONER MAZZOLA: Okay. Thank you. Robert Hector.

MR. ROBERT HECTOR: Hello. I'm the Director of Ella Hill Hutch Community Center and everyday we have people that live in San Francisco coming down to our Community Center looking for work that San Francisco provides. Like Richard said, we have worked with both construction firms. They both have very good records. But, when we were working with Mortenson up at Kaiser Hospital, they were very excellent in providing jobs for the people in the City and County of San Francisco.

It's important to keep our people working. It's important to keep them in apprenticeships because what happens ... contractors come from outside and bring their workers with them. We fight to keep our people working. So, we urge that Mortenson gets the contract.

Thank you.

COMMISSIONER MAZZOLA: Okay. Thank you, very much. Larry Fleming.

MR. LARRY FLEMING: Good morning, Commissioners. My name is Larry Fleming. I'm Executive Director of VVJET, Visitacion Valley Job Education and Training Program. I'm here to advocate for the Airis Group.

Mainly through participation with one of their partners, which is Luster International, I have trained over 1,000 people. Eighty percent of them are now in union labor jobs. And I've done this with the help of Luster Group. They have trained. They have been mentors. They are community-oriented people. You don't have to go and ask them what their goals are. They will come to you and tell you this is what we have. What do you have to present? And they have a factual way of accounting themselves to the community. There will be community participation as long as you have Airis on the job.

Thank you.

COMMISSIONER MAZZOLA: Okay. Thank you. Michael Johnson.



MR. MICHAEL JOHNSON: Good morning, members of the Commission, my name is Michael Johnson. I'm a local San Francisco-based real estate developer. We also have offices in Oakland and Atlanta.

I'm actually here to speak to you today, not with any specific role on either one of these team, but to point out a couple of things. I have known members of the Airis team for quite a few years. The distinguishing thing that I would like to say about the Airis team is that when they came to town they made a very sincere effort to reach out and identify members of the local community that could be a part of their team. And I don't want to just point to, as many other people have spoke to, the participation that will occur with the general contractors involving local subcontractors, but to point out that their proposal to you specifically includes members of the local and minority community in every phase of this project.

Too often development projects are initiated and the focus is just on the construction area. With the Airis proposal what you have is participation in the ownership, in the financing, in the design and construction, and in the job creation.

Lastly, what I'd like to point out, and I've listened to all the commentary here today, is that there is some specific things that seem to be present, both in the comments by both development teams and by your consulting group, and those are, specifically, that Airis has more on-airport development experience which is undeniable in the fact that they actually initiated this project here in the City of San Francisco with our City government and with the Airport.

Secondly, their history in development has resulted in significantly higher occupancies at the facilities. Ultimately, that will effect your financial return on this project.

You heard from the consultant that they have a much more detailed operations and security plan. That is as a result of the extensive experience that this company has had in undertaking these projects in the past.

And, lastly, the financing plan. I think that that is something that you heard a lot of commentary about today, but it is undeniable that the commitment of the financing now will prevent you from having to deal with cost overruns, uncertainties in the interest rate market as this goes forward.

As a local person, I would encourage you to support the selection of this team who is not making a commitment to the future, but to the present in terms of the involvement of local participation in every phase of the project.

Thank you.

COMMISSIONER MAZZOLA: Thank you, very much. John Johnson. Is there a John Johnson here.

MR. JOHN JOHNSON: Good afternoon, Commissioners. My name is John

Johnson. I'm a painting contractor. I came to speak in behalf, and let you know that the MBE program and the different programs that you have in place for small locals are working for people like me.

I want to speak on behalf of Swinerton Builders that basically took me under their wing as a small local and helped mentor my company to doing projects over \$500,000 to \$1,000,000 projects.

A lot of times, as small locals, we need more support than just getting us in the door and giving us a job. I actually was assisted by Swinerton financially in helping me be successful in making sure that the owners had a quality product when they got through.

So, I just came to speak in behalf that Swinerton has committed to work with me on this project, as they have on other projects.

Thank you.

COMMISSIONER MAZZOLA: Thank you. Jim Salinas, Sr.

MR. JIM SALINAS, SR.: Good morning, Mr. Chairman. Good morning, Commissioners. I'm Jim Salinas. I'm a native San Franciscan, born and raised here in San Francisco. I've lived here all my life. And, more importantly, I believe it is important to say that not only have I had the privilege of living here my entire life, but working here as well.

In October of 1967 I had the good fortune to be able to enter an apprenticeship program and have been working with the tools of the trade since, earning a decent standard of living for my family. Purchasing a home here in Bernal Heights, and raising four children here. I mention those things because I believe it is important that as you make your deliberations and make your decisions, Commissioners, that you know that when people like Jim Salinas, and I think there will be other people that will approach this podium this morning to speak with you in regards to these issues ... only can do things like that when they have the opportunity to work under a union agreement.

I'm here this morning specifically to speak to the issue of the Project Stabilization Agreement which I read as I was going through the evaluation sheets and took great exception to the fact that Mr. Bruce Swanson indicated that somehow inferred, or felt that the Project Stabilization Agreement out at the Airport might have some type of negative connotation. I believe that's totally incorrect. I believe the fact that the Project Stabilization Agreement was entered into between the City and County of San Francisco and the San Mateo Building and Construction Trades Council, which allowed for a number of apprenticeship opportunities, was a good thing. It brought a trained, qualified workforce to the Airport, and, as such, brought in that project on time and on budget.

I'm concerned when the Project Stabilization Agreement is viewed in a diminished

capacity because I believe that I would like to see ... and sitting on a number of Boards here in San Francisco, and having been the individual that was privileged enough to bring the community-based organizations to the table ... Chinese for Affirmative Action, Ella Hill Hutch, Young Community Developers, Mission Hiring Hall, South of Market ... all of those enabled us to put young brothers and sisters from the different communities that are affected much often times where they can't secure those work opportunities.

So, I would ask this Commission, respectfully ask this Commission to consider the fact that a Project Stabilization Agreement, and those that will enter into one, is a positive thing for the City and County of San Francisco.

And I appreciate you giving me some time this morning. Thank you, Mr. Chairman.

COMMISSIONER MAZZOLA: Thank you, very much. April Atkins.

MS. APRIL ATKINS: Good morning. My name is April Atkins. I am a native of San Francisco and still reside here and would like to work here. I am here to speak in regards to the Shop Project Stabilization Agreement. I believe that the PSA insures that people in the community receive work opportunities, especially where people of color are concerned.

The PSA insures that no matter where you are or who you work for you will be receiving wages and fringe benefits according to the union agreements. This protects construction workers from exploitation. It gives many of us in the community the opportunity to enter an apprenticeship program. It gives us the opportunity to develop careers in all building and construction trades apprenticeship programs.

I am a product of the apprenticeship program, and I've been a carpenter since 1975.

Thank you.

COMMISSIONER MAZZOLA: Thank you, very much. Derf Butler.

MR. DERF BUTLER: Thank you very much, Commissioners. My name is Derf Butler. I'm the owner of Butler Enterprise Group which is a diversity program management firm here in San Francisco working on a \$500,000,000 worth of diversity projects.

I'd like to say that when we come before you, meaning the community come before you on projects such as this, it is very difficult for contractors, professional service firms, and community residents to choose which side that they normally decide to go with. But I can say clearly, when you take a look at the Airis team, I've worked with Marinship Construction and they have a track record within San

Francisco working with minority and a minority-owned firm.

I know you have heard of the Luster Group and their track record and what they've done over the years in San Francisco.

We definitely have not said nothing about F.E. Jordan and Associates and what Mr. Jordan has done and demonstrated over the last 25 years, not only in the community but also on the Airport. I've worked with F.W. and Associates and specifically, with Baines and Robinson and AGS which are minority owned firms, which are a part of the Airis team. But, more importantly, I have worked very closely and very directly with Mortenson Construction Company when they did the project up at the Kaiser facility in San Francisco, and how not only did they demonstrate the ability to include and exceed what their goals were on the local hiring but their firm commitment of inclusion of professional services.

In this process, when people continue to come before you and speak of is jobs, jobs, jobs, but that is not what a diversity program is all about. Diversity programs start from the top and end at the bottom. Meaning the top, you talk about engineering firms, professional service firms, consultant firms, architectural firms, or minority firms that have the ability to sit at the table and put together the strategy for bonding and financial issues. When you begin to present a team that has this much diversity, that insures you that throughout the entire process that there will be inclusion and also that there will be success.

I think that should be ... I hope that this is a very important issue before this Commission. I think, based on your track record and how you've voted in the past, it is an important issue. And I, right now, urge you that you vote for the Airis team because the structure that is currently in place is the one that is going to lead to success, ultimately, on the completion of the project.

COMMISSIONER MAZZOLA: Thank you, very much, Derf. Okay. Last speaker. Alex Fedor.

MR. ALEX FEDOR: Good morning. I'm Alex Fedor with the Airline Liaison Office representing the airlines operating out of San Francisco International Airport.

I'd like to read a letter into the record on their behalf. (Attachment No. 6)

COMMISSIONER MAZZOLA: Thank you, very much. Our last speaker then is Edward Gee. We've got another one. You guys gotta turn these in. Turn them in. That's it. There will be no more accepted after this. We have to move this along.

MR. EDWARD GEE: Good afternoon. My name is Edward Gee, President of Edward Gee and Associates. We re an architectural planning firm here in San Francisco. I am a native San Franciscan. Was born here, went to school here,



went to Francisco, Gallileo High School and UC Berkeley. I've had my practice here for almost 40 years. This is the only place I've had my practice. We are a well recognize architectural firm. We were the original architects selected for the West Field Cargo Facilities. We have done a number of projects. When AMB contacted us to go in with their team, we looked at their team, we looked at the strength of AMB, we liked them being local. They contribute to the City, as well as our company and myself. I strongly, strongly recommend AMB.

Thank you.

COMMISSIONER MAZZOLA: Thank you. All right. Ronald Arana. Is that right?

MR. RONALD ARANA: Good morning, Commissioners. My name is Ronald Arana and I'm the President of Arana Enterprises, dba AR Construction Company. We are a general engineering contractor in the City based in Third Street and Polk. I've been a contractor in the City since 1984. I am a local business enterprise. I'm also, as I said, based in my office in Bay View Hunter's Point minority business enterprise. I am HRC certified. And also CalTrans and for the University of California, also, too.

I used minority business as subcontractors in most of my jobs. I'm a union contractor since 1989. I'm always willing to work with the community-based organizations and to hire San Franciscans. I work very closely with the Carpenter Union to hire apprentices and journey level carpenters. All my jobs are 100% union. I do work ... my projects are between \$5 million to \$10 million.

I came to the ... I'm from Guatemala, Central America, and I came to the United States in 1971. I came trying to reach the dream that I wanted. San Francisco has been able to give me the opportunity to do it. Not only to be able to go to school but to open my company here. I feel the same way for my people that work for me that they have the right to have ... they deserve the right to live to reach the dream that they wanted.

I am very happy to sign into the Project Stabilization Agreement because I believe in prevailing wages, not only because it is the law, but I believe that the people should be able to afford to live in San Francisco.

COMMISSIONER MAZZOLA: Okay. Can you wrap it up?

MR. RONALD ARANA: That's it.

COMMISSIONER MAZZOLA: Okay. Well, thank you, very much. All right, it's back to the Commission.

COMMISSIONER STRUNSKY: I'd like to make a motion. I move that this Commission has had adequate information to evaluate the panel's recommendation and that the Commission revise the panel's recommendation to recommend to staff ... to instruct staff to enter into negotiations with Airis to provide the West Field Cargo Facility. This is based on the evaluations that I haven't been able to fathom, the MBE participation of Airis, my evaluation of their financing, and labor plans, and the development. I'd like to have the motion state specifically that if negotiations fall apart with Airis, instead of going on to AMB that staff come back to this Commission for further instructions.

COMMISSIONER MAZZOLA: All right, there is a motion. Wait, our attorney want's to talk to us.

MS. MELBA YEE: You don't have properly noticed before you the ability to make a motion to enter into... to authorize staff to enter into exclusive negotiations with Airis. The only matter that was noticed is for exclusive negotiation authorization for AMB.

MR. ROBERT MCCARTHY: Um ...

COMMISSIONER MAZZOLA: Robert, we've got it at the Commission now.

MR. ROBERT MCCARTHY: I'd like just to speak to the issue of the law.

COMMISSIONER MAZZOLA: No, no. We have an attorney here that guides us.

COMMISSIONER STRUNSKY: Are you of the opinion that the attorney is somehow or other mistaken?

MR. ROBERT MCCARTHY: I'd like to just share with her, if I may respond to Commissioner ... (interrupted by Commissioner Mazzola)

COMMISSIONER MAZZOLA: Wait, wait, wait. There's only one guy running the meeting here. Hold on a minute, here.

MR. ROBERT MCCARTHY: Through the chair, may I respond to Commissioner ...

COMMISSIONER MAZZOLA: I'm going to run it. I'm going to run the meeting.

Robert, please sit down.

MR. ROBERT MCCARTHY: Yes, sir.

COMMISSIONER MAZZOLA: Thank you. Mike, if you want to ask the City Attorney a question, ask the City Attorney a question. Otherwise, there are 20 attorneys out there.

COMMISSIONER STRUNSKY: The City Attorney's ... you're right. You're absolutely right. The City Attorney has made her judgment, so, I recommend that we carry this over to the next meeting.

COMMISSIONER MAZZOLA: All right. The motion is, now, to carry this over to the next meeting.

MR. JOHN MARTIN: Well, wait. I'm not sure that's what Commissioner Strunsky wants.

COMMISSIONER CRAYTON: No. Wait, wait, wait. Let's do this right. I don't care nothing about what you want.

MR. JOHN MARTIN: If we carry it over to the next meeting the recommendation will be the same. My recommendation is based upon the selection committee's review. I feel it was a fair review. A representative panel. And that is my recommendation. So, if the direction is to ... (Commissioner Strunsky spoke over Mr. Martin)

COMMISSIONER STRUNSKY: No.

MR. JOHN MARTIN: ... put it over, then I'm going to return with the same recommendation. So, you have to give me a different direction.

COMMISSIONER STRUNSKY: No. The recommendation is to put my motion in front of the Commission at the next meeting, or, as soon as possible after this meeting.

COMMISSIONER CRAYTON: Okay, there's a motion on the floor and I just want to make a ...

COMMISSIONER MAZZOLA: There's no second yet.

COMMISSIONER CRAYTON: There's no second. Okay, let me just say something first. My first concern is that we wanted to continue this ... I want to continue not the Director's recommendation to the next meeting, but I need more time to evaluate this. And so, having said that, because if we continue it that means that we're just continuing the same recommendation. And I'm not sure that we want to do that. So, what we need to do is we need to separate that in order to be able to evaluate this and come back and then make a decision at the next Airport Commission meeting.

COMMISSIONER ITO: But the question I have is then do we need to reject the staff's recommendation for this meeting agenda item in order to reopen it? It sounds like we're reopening it.

COMMISSIONER CRAYTON: No, we don't have to do that.

COMMISSIONER MAZZOLA: No, we don't have to do that. I don't think you have to reject if you're asking staff to look into it. Are you asking ... what are you asking staff to do?

COMMISSIONER STRUNSKY: I'm asking ... I'm not asking staff to do anything. I'm asking staff to negotiate with Airis on an exclusive basis.

COMMISSIONER MAZZOLA: Well, you're asking them to recommend that back to the Board. It hasn't been Sunshined so we can't do that.

COMMISSIONER STRUNSKY: I understand that. So, what I'm asking the City Attorney is, tell me what we should do so that this motion can be put before the Commission in a productive way as soon as possible. What would you like?

MS. MELBA YEE: Well, I think this Commission can ... there seems to be two issues here. I think Commissioner Crayton isn't quite ready to go, it sounds like, with moving one or the other of this ...

COMMISSIONER CRAYTON: No, no. What I'm saying is I need more time to evaluate and I think that we need to come back and make a decision at the next meeting to make it clear because we haven't Sunshined this. I don't want to do anything that would knock out either one of them at this particular point in time.

COMMISSIONER MAZZOLA: Linda, you're going to get the same thing back.

COMMISSIONER CRAYTON: No, no, no. I don't want the same thing back.

MS. MELBA YEE: Well, then, I think what you would direct staff then is to come back with a more general category of considering an award of the exclusive negotiations for the West Field Cargo and not specifically to any particular proposer.

COMMISSIONER STRUNSKY: That would seem to me not to be Sunshining it, so why not carry two motions in the package for the next meeting.

MS. MELBA YEE: You could do that.

COMMISSIONER STRUNSKY: Fine. That would be fine with me.

MS. MELBA YEE: You could do that.

COMMISSIONER STRUNSKY: Carry two motions and then this Commission can decide ...

MS. MELBA YEE: It could vote one down and vote the other one.

COMMISSIONER STRUNSKY: ...one down and one up. Okay with you?

COMMISSIONER CRAYTON: That's okay with me.

COMMISSIONER MAZZOLA: That's fine. Any way you want to do it.

COMMISSIONER CRAYTON: That will work.

COMMISSIONER MAZZOLA: So, make your motion. Let's see how we vote.

COMMISSIONER STRUNSKY: Okay, I move that I revise my previous motion and ask that ... no, I didn't revise it ... I ask that my previous motion be included in the agenda for the next meeting along with John's agenda and this Commission



can decide what to do.

MR. JOHN MARTIN: Is that okay?

COMMISSIONER MAZZOLA: Is there a second?

COMMISSIONER ITO: Second.

COMMISSIONER MAZZOLA: Call the roll.

COMMISSION SECRETARY: Commissioner Mazzola.

COMMISSIONER MAZZOLA: Yes.

COMMISSION SECRETARY: Commissioner Strunsky.

COMMISSIONER STRUNSKY: Yes.

COMMISSION SECRETARY: Commissioner Crayton.

COMMISSIONER CRAYTON: Yes.

COMMISSION SECRETARY: Commissioner Ito.

COMMISSIONER ITO: Yes.

COMMISSIONER MAZZOLA: Now, you have a second motion, or they both were in one?

COMMISSIONER STRUNSKY: All done. We're all done.

COMMISSIONER MAZZOLA: Okay. Someone write me a letter and tell me what we did.

Question from the floor: May I ask when the next meeting is.

COMMISSIONER MAZZOLA: Two weeks.

COMMISSION SECRETARY: December 3.

COMMISSIONER MAZZOLA: December 3rd. Always subject to change.

Item No. 5 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

5. Approval of Issue 29 Sale Resolution

|             |                                                                                                                                                                                                                                                                                                                                                       |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 02-0241 | Resolution providing for the sale of not to exceed \$195,000,000 aggregate principal amount of San Francisco International Airport Second Series Revenue Refunding Bonds, Issue 29, approving certain documents and amendments in connection therewith, and providing for the delegation of the sale and award of such bonds to the Airport Director. |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Mr. Leo Fermin, Acting Deputy Director, Business and Finance explained that portions of Issue 2, 3 and 4 bonds which were sold in the early 1990s will be callable on May 1, 2003. We now have an opportunity to refinance these bonds at today's lower interest rates. This resolution authorizes the sale of Issue 29 bonds to refund the portion of the Issue 2, 3 and 4 bonds. This will give us an opportunity to reduce our debt service cost on these bonds. If today's present interest rates hold, we expect to realize approximately a 10% net present value savings on the refunding on these bonds. We plan to resell these refunding bonds between mid December and mid January depending on market conditions.

\* \* \*

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 6 through 8, was moved by Commissioner Crayton and seconded by Commissioner Strunsky. Item No. 9 was put over. The vote to approve was unanimous.

6. Modification No. 1 to Bond Counsel Contract - Orrick Herrington & Sutcliffe, LLP as Lead, and The Law Offices of Leslie M. Lava and Lofton & Jennings as co-Bond and Disclosure Counsel - \$3,000,000

|             |                                                                                             |
|-------------|---------------------------------------------------------------------------------------------|
| No. 02-0242 | Resolution authorizing Modification No. 1 to Bond Counsel Contract with Orrick Herrington & |
|-------------|---------------------------------------------------------------------------------------------|

Sutcliffe, LLP, as Lead, and the Law Offices of Leslie M. Lava and Lofton & Jennings (formerly known as Lofton, De Lancie & Nelson) as Co-Bond and Disclosure Counsel for three years for an amount not to exceed \$3 Million.

7. Modification No. 2 to Legal Services Agreement with Morrison & Foerster LLP - \$30,000

NO. 02-0243

Resolution approving Modification No.2 to Legal Service Agreement with Morrison & Foerster LLP to increase compensation by the amount of \$30,000 (Noise Issues/Environmental Law Contract).

8. Award of Terminal 3 Professional/Collegiate Team Sports Theme Store Lease - U-Threads, Inc.

No. 02-0244

Resolution awarding the Terminal 3 Professional/Collegiate Team Sports Theme Store Lease to U Threads, Inc.

Item No. 9 was put over.

9. Approve Revised Lease Specifications, Minimum Qualifications and Addendum No. 2 to Terminal 3 Specialty Retail Store Lease and Boarding Area "E" Technology Showcase Lease

Resolution approving the revised lease specifications and minimum qualifications, and authorizing staff to issue Addendum No. 2 for the Terminal 3 Specialty Retail Store Lease and Boarding Area E Technology Showcase Lease.

Ms. Rilla Ginsberg, President of Marilla Chocolate Company, located in Terminal 3, Boarding Area E, asked why this resolution addresses singularly what is now two separate leases, and why the haste in changing the tenancy in Boarding Area E? It is presently occupied by Marilla Chocolate Company, a DBE offering goods and services to the traveler.

Marilla offers a wide selection of San Francisco-related gifts and gourmet products, wine and souvenirs being a part of its large inventory. There are no other stores in Boarding Area E, pre- or post-security, offering this selection in service.

You will be replacing a DBE whose very existence is threatened by this change with a large conglomerate for whom this is just another piece of advertising space



or real estate.

Is this revenue driven? On analysis of dollars at this point it shows not to be the case. Since the qualification requirements are so specific and tailored to the MAG in the RFP, it will not be augmented by competition. There is a similar location in Boarding Area F. The revenue generated for the 5 months of operation by this showcase was \$212,500. The revenue generated by Marilla for the same period of time was \$228,835.

Boarding Area E is not optimum retail space, being pre-security, but on percentage rental it does allow for continued operation and the survival of Marilla Chocolate Company.

Marilla Chocolate has been at SFO for the past 20 years, and at Boarding Area E since 1986.

Since the devastation of 9/11, the dot com implosion, and an incredibly soft economy she needs time and Marilla needs to survive. Ms. Ginsberg asked the Commission's consideration on this issue.

Commissioner Mazzola asked Mr. Martin to have someone from staff meet with Ms. Ginsberg.

Mr. Martin said that Mr. Dave Pfeifer will meet with her, and he will meet with her as well within the next week or so.

Mr. Martin asked if the Commission wishes to put this over.

Commissioner Strunsky preferred the item be put over.

\* \* \*

#### H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests to speak from the public.

\* \* \*

#### I. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

#### J. CLOSED SESSION:

The Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled City and County of San Francisco v William D. Spencer, U.S. District Court Case No. C02-3086WDB; and, Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

\* \* \*

K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 11:40 A.M.

  
Jean Caramatti  
Commission Secretary

## References

- Alvarado, J., J. A. Pineda, D. A. Torres, and J. A. Rodríguez. 2011. "Peces de la zona costera de la Península de Yucatán." *Revista de Biología* 10(1): 1–15.
- Alvarado, J., J. A. Pineda, D. A. Torres, and J. A. Rodríguez. 2012. "Peces de la zona costera de la Península de Yucatán." *Revista de Biología* 11(1): 1–15.





## Answer: When We Are

### Apple

- Macintosh introduced to market
- sold 250,000 in 18 years
- Apple is the developer
- 250,000 is developed
- Specialize in business-related software like spreadsheet (Excel, dBase)
- Apple is Property Manager and Marketing Agent
- Apple Products
- Internationalization

### IBM

- REIT is now developed
- New entrant - Atlanta Market
- Financial Group was IBM's developer
- 560,000 is developed
- Development of software and desktops (PDA, PDA, IBM)
- Terminal/Software/Property Manager
- IBM Business Development
- IBM Products



[illegible]

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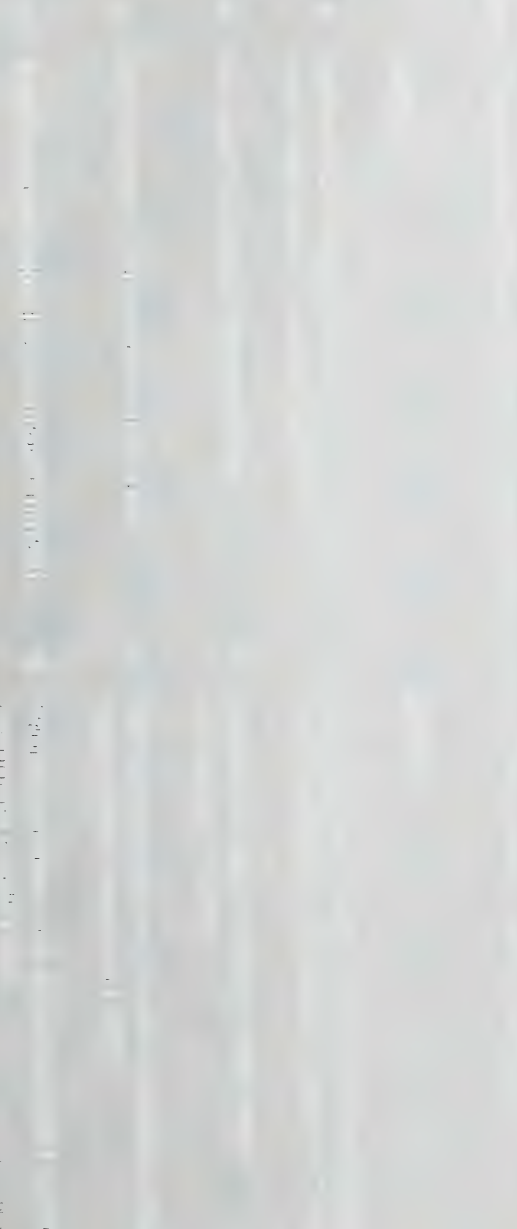


Figure 1. Relationship between the number of people in a group and the time taken to complete a task.

the number of people in a group and the time taken to complete a task. The graph shows a series of data points connected by lines, illustrating how time increases as the number of people in the group increases. The data points are approximately: (1, 10), (2, 20), (3, 30), (4, 40), (5, 50), (6, 60), (7, 70), (8, 80), (9, 90), (10, 100).







# 1. Introduction

The purpose of this study is to investigate the effects of various factors on the performance of the system.

The study is organized as follows: Section 2 describes the system architecture, Section 3 discusses the experimental setup, and Section 4 presents the results.

Section 5 concludes the study and discusses future work.

The authors would like to thank the anonymous reviewers for their constructive comments.

This work was supported by the National Natural Science Foundation of China (Grant No. 61472000).









## 2012

[illegible][illegible]

1. The first part of the paper is devoted to the study of the asymptotic behavior of the solutions of the system (1) as  $t \rightarrow \infty$ . It is shown that the solutions of the system (1) are bounded and tend to zero as  $t \rightarrow \infty$  if the matrix  $A$  is stable. The second part of the paper is devoted to the study of the asymptotic behavior of the solutions of the system (1) as  $t \rightarrow \infty$  if the matrix  $A$  is not stable. It is shown that the solutions of the system (1) are unbounded and tend to infinity as  $t \rightarrow \infty$  if the matrix  $A$  is not stable.

2009, February 16

$\chi^2_{\text{min}} = 0.000$ ,  $\chi^2_{\text{max}} = 0.000$ ,  $\chi^2_{\text{mean}} = 0.000$

— *See* *Seeley, William*

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1. **Introduction**  
 2. **Background**  
 3. **Methodology**  
 4. **Results**  
 5. **Conclusion**  
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1990

1. *Methodology* (methodological approach)

- [illegible]



1. The first step is to identify the problem or question that needs to be addressed. This involves understanding the context and the specific requirements of the task.

[illegible]

10

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[illegible]

Pharmaceuticals, the pharmaceutical industry, and the pharmaceutical industry's role in the development of the pharmaceutical industry.









## Adverse Local Effects (ADEL) (Part 1)

"Adverse Local Environmental Effect" means "any adverse, long-term, potentially significant, and irreversible effect on the environment, including the local population, resulting from the proposed project, which is not necessary to justify the proposed project, and which is not a direct, unavoidable, or inevitable consequence of the proposed project." The "frequency" of adverse local effects is measured by the number and the duration of the adverse effects in the project area.

### Adverse

Example: 100% local businesses  
proposed to close, including the majority  
and significant amount of businesses.

(Displacement)

(Disruptive Change) (Business)

Geographical location

Project location

Example: 100% local businesses, adversely  
affected, which significantly contribute to  
the local economy.

Adverse local effects are not the same as  
adverse local effects on the local economy.

Adverse local effects are not the same as  
adverse local effects on the local economy.

### Adverse

Example: 100% local businesses, adversely

Example: 100% local businesses, adversely

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Example: 100% local businesses, adversely

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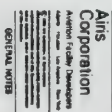












| REVIEWS |      |             |
|---------|------|-------------|
| No      | Date | Description |

**Multi-Tenant  
Air Cargo Facility**  
San Francisco  
International Airport  
San Francisco, California  
Project No. 0402  
October 10, 2009

**A 1.3-1**

**Preliminary For Discussion Only**

**Site Plan / Apron Plan - Phase 1**



SCALE. 0 10 20 30 40 50 60 70 80 90 100

U.S. 101 Priority

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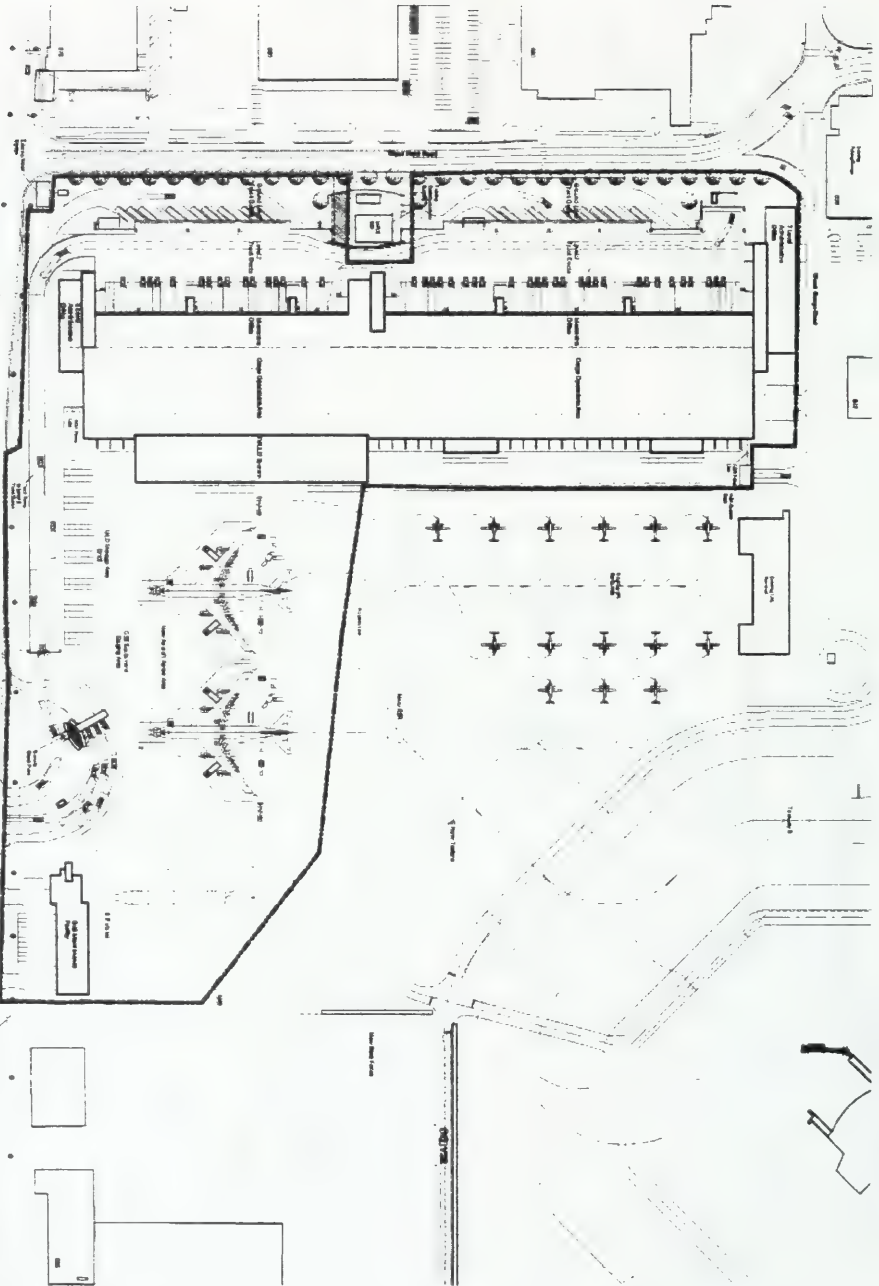
**Ams**  
**Corporation**  
 Airport Facility Consultants  
 10000 Airport Blvd., Suite 100  
 Dallas, Texas 75243-1000  
 Phone: (214) 343-1000  
 Fax: (214) 343-1001  
 E-Mail: info@ams.com

**GENERAL NOTES**

**DRAWING NOTES**

| NO. | DATE     | DESCRIPTION           |
|-----|----------|-----------------------|
| 1   | 01/11/00 | ISSUED FOR PERMITTING |

**Multi-Tenant**  
 Ams Corporation  
 10000 Airport Blvd., Suite 100  
 Dallas, Texas 75243-1000  
 Phone: (214) 343-1000  
 Fax: (214) 343-1001  
 E-Mail: info@ams.com



U.S. 181 Freeway

**Site Plan / Apron Plan - Phase 2**  
 SCALE: 0" = 6' - 0"  
 PRELIMINARY FOR DISCUSSION ONLY

**Preliminary For Discussion Only**

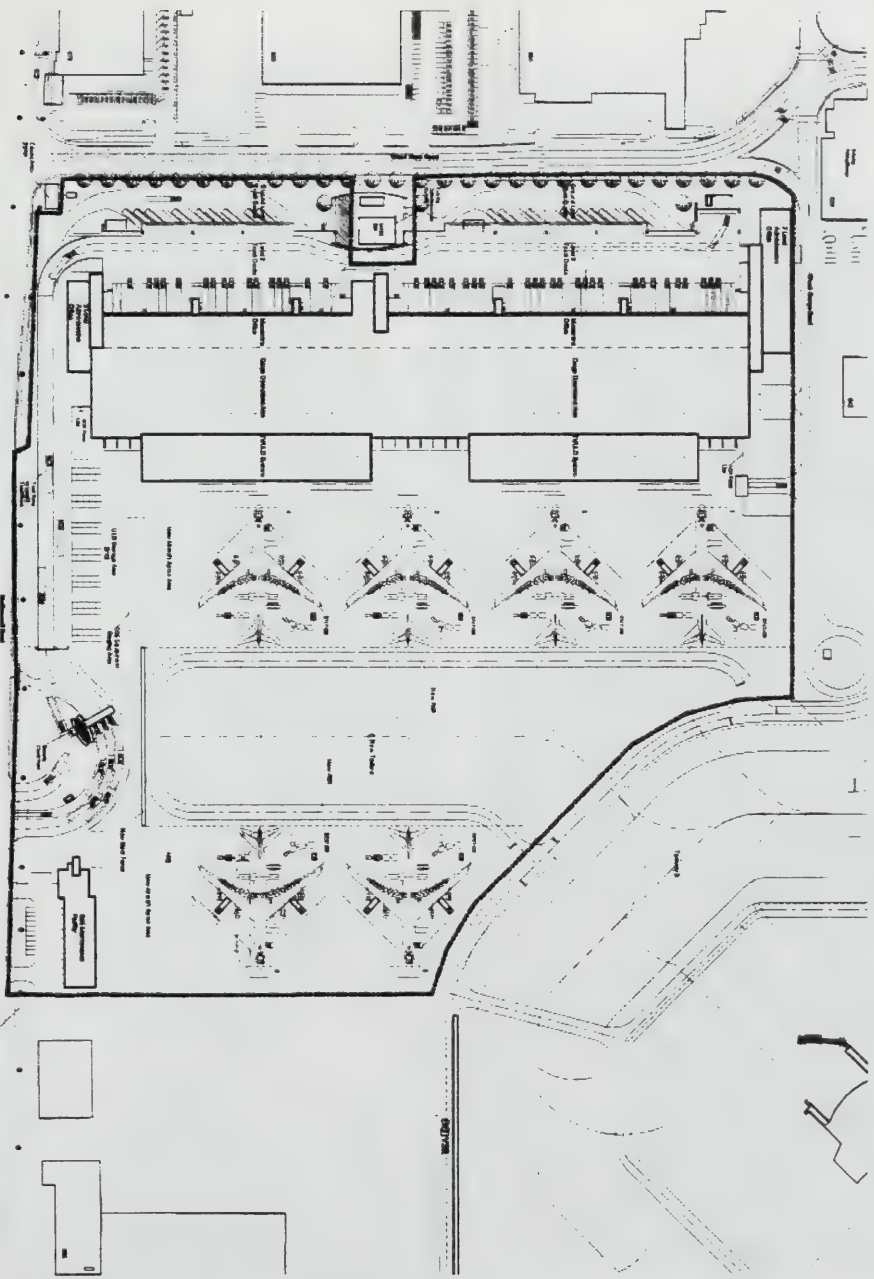
**A 1.3-2**

**Ams**  
**Corporation**  
 Architect: Fidelity Construction  
 Project: Terminal Expansion  
 Date: 11/11/2003  
 Drawing: 11-3-3  
 Scale: 1/8" = 1'-0"

DRAWING NOTES

| NO. | DATE       | DESCRIPTION |
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| 1   | 11/11/2003 | 11-3-3      |

**MULTI-TERRAIN**  
 All Construction  
 International Airport  
 Project No. 11-3-3  
 October 15, 2003



**Site Plan / Apron Plan - Phase 3**

SCALE: 1/8" = 1'-0"

Preliminary For Discussion Only

**A 11-3-3**









AMB PROPERTY CORPORATION

November 15, 2002

Mr. Gary Franzella  
Associate Deputy Director Aviation  
San Francisco International Airport  
PO Box 8097  
San Francisco, CA 94128

Dear Gary:

We are pleased to be selected by staff and recommended to the Airport Commission for the redevelopment of the West Cargo Area. I assure you that if selected we will make this a successful project for both the Airport and the City and County of San Francisco. We are in receipt of the package of information that was submitted to the Airport Commission for Tuesday's meeting. Upon review of the reports, we feel there are some corrections that should be made to the consultant's report. I have listed each item as it relates to the numbering on the consultant's report.

**Development:**

**Item 4 Functional Effectiveness-** The consultant incorrectly indicated that a widebody aircraft could not access a parking position if the two narrow body positions were occupied. As reflected on drawing C-5 the centerline and wing up lines of a widebody aircraft can access this parking position.

**Items 5 & 7 Phasing-** A phasing schedule was provided as part of the package in sections 1.d. and 2.b which clearly indicate the development and leasing schedule of each phase. None of the phases, as indicated by the consultant, will be finished during the peak cargo season. We have also incorporated significant leasing time into each phase to further accommodate user relocation requirements.

**Item 8 Reasonableness of timeframe and budget -** The consultant indicates that the timetable is longer than desirable. We want to be clear that our proposal meets the minimum square footage required by the airport within the timeframe specified. Phases I & II are scheduled to be completed by January 2005. Phases III and IV will be built based on market demand as outlined in Section 2. A graph of this growth and construction timing was provided in Section 2.a figure 2-5.

**Operations:**

**Item 3 Scope of O&M Services -** It appears that the consultant may have overlooked the management and maintenance sections of our proposal, which clearly indicate that AMB will provide the management and maintenance personnel to operate the property. These are covered in sections 2.e (Maintenance) and 3.a.iv (Management). Specific airport experience is mentioned in these sections. The consultant goes on further to say that "no expertise in cargo handling systems is indicated". The team member indicated in our proposal who is



responsible for Material Handling Systems is Northrop Grumman, one of the leading material handling contractors in the world and the designer of the systems.

**Items 1 & 3 of the Airis proposal.** In reading the evaluation of our competition it refers to a phase III that appears to be outside the designated site. All of the language used by the consultant in these two sections includes numbers as though this third phase was incorporated within the RFP. We were told specifically to not consider any sites other than the 27 acres in our design and to not make assumptions on the relocation of the commuter terminal.

We appreciate the significant effort that has been made by staff in the completion of this RFP and look forward to the opportunity to present our proposal to Staff and the airport Commissioners. We feel strongly that our proposal is the most financially viable, and well-conceived design which will meet the anticipated growth at SFO. If you have any questions regarding the above please don't hesitate to call.

Very truly yours,

John T. Meyer  
Vice President/Director Airport Facilities Group

Attachments:



**PRESENTATION TO AIRPORT COMMISSION  
CITY OF SAN FRANCISCO  
NOVEMBER 2002**

**INTRODUCTION**

Mr. Chairman and members of the Commission, my name is Dan Muscatello, and I represent the John F. Brown Company. The Company is a leading Airport Management Consulting firm providing business and financial consulting to airport managers primarily in North America. In addition to San Francisco, the firm is currently consulting to airports in Los Angeles, Seattle, Denver, Chicago, Minneapolis, Orlando, Miami, and San Juan, among others.

I head the firm's air cargo practice. We provide assistance to clients on planning for air cargo facilities and related infrastructure. We perform air cargo market assessments and develop targeted marketing plans, or, for airports where cargo volumes are marginal, conduct an expedited due diligence to provide immediate feedback to management for future strategy development. We also provide a comprehensive range of air cargo marketing services.

I previously served as the Manager of Air Cargo Programs for the Port Authority of NY & NJ, the largest air cargo operation in the world, and was responsible for:

- Coordination and pursuit of cargo development at the three NY area airports (developed more than 1 million sq ft)
- Oversight of air cargo marketing
- Coordination of physical planning for cargo
- Business strategy development
- Oversight and coordination of Airport Master Planning for JFK, EWR, and LGA
- Representing the Port Authority on the NYC Metropolitan Planning Board
- Representing the Port Authority on transportation planning with NY State DOT and with the NJ State DOT
- Chair of the Airports Council International Air Cargo Subcommittee
- Advisor to the government of Chile on air cargo privatization

Before joining the firm, I served as VP for Marketing and Business Development for a private developer of air cargo facilities, responsible for:

- Oversight of airport master planning and environmental planning
- Market assessments, market development, and marketing
- Oversight of feasibility studies
- Pursuit of airport privatization opportunities.

## **ROLE IN REDEVELOPMENT OF WEST FIELD CARGO AREA**

### **Solicitation Process**

Last winter, the firm was asked to assist the Airport in the process of soliciting qualifications and proposals from private developers to redevelop the West Field Cargo Area. More specifically, we were asked to assist in:

- Developing the RFQ to pre-qualify developers
- Developing the RFP
- Developing evaluation criteria for both documents
- Developing advertising
- Working with developers to foster participation
- Monitoring the status of the project in the market to maximize participation of qualified firms

The RFP, among other things, described the Airport goals with respect to the West Field Cargo Area and the Airport criteria for selecting a preferred developer. There were three categories of goals and criteria: (1) Development, (2) Operations, and (3) Business and Financing.

## Evaluation Process

In October of this year, just before the proposals were received, the Airport tasked us with two additional assignments.

1. First, the RFP identified 7 Business and Finance criteria that the Airport would use in its evaluation of proposals. We were asked to develop a tool that members of the selection panel could use to evaluate the proposals, primarily focusing on 3 of these 7 criteria.
  - a. Revenue to the City
  - b. Reasonableness of the pro forma and the underlying assumptions
  - c. Subtenant rents and fees at marketable rates
2. We developed a side-by-side comparison of data in the two proposals (a matrix, if you will) as it related to these 3 criteria. To develop this matrix, we:
  - a. Checked the mathematical accuracy of the pro formas
  - b. Identified assumptions supporting the pro formas
  - c. Checked for internal consistency between the text and the pro formas
  - d. Looked to state the data on a common (oranges to oranges) basis
  - e. Documented where we found data within the proposals so that members of the selection panel could look at the context for the data
  - f. Provided supplementary footnotes where appropriate
3. It was not our job to interpret the comparisons, evaluate the reasonableness of the underlying assumptions, or to evaluate the relative merits of the proposals. It was our job, however, to identify significant factors affecting the comparisons. One such factor had to do with the limitations of the information presented in the proposals.
  - a. AMB planned that the Site would be fully developed in 4 phases. The company provided cost, revenue, and schedule data for all 4 phases.

- b. Airis planned that the Site would be fully developed in 2 phases. However, the company chose to provide cost, revenue, and schedule data for only phase 1. As it happens, Airis planned to develop most, although not all, of the Site in Phase 1.
- 4. I believe that you may have copies of the matrix.
- 5. AMB provides higher PV return to the Airport based on information presented in the proposal. This PV calculation reflects:
  - a. Identical assumed occupancy rates (95 percent)
  - b. Different amounts of rentable space
  - c. Different schedules for delivering rentable space
  - d. Different methods for computing percentage rents
  - e. Different costs to develop and operate facilities which, in turn, produces different rental rates to cover the costs and different levels of revenue
- 6. AMB also provides facilities at lower rental rates to tenants. Differences in construction costs largely account for the differences in rental rates. AMB estimates that it can develop its proposed facilities at a much lesser cost per square foot.

These are the principal findings.

Second, we were asked to offer our impressions of the Development and Operations aspects of the two proposals. We understood that our impressions were for the benefit of the Airport's Project Manager and would not be shared with members of the Selection Committee. Our efforts in this regard were not in-depth or rigorous. Because of our familiarity with many of the proposers' other airport cargo development and operations projects, and our personal relationships with many of the industry's primary executives, we requested, and the Airport concurred, that our role not involve voting status or recommendations.

## **DEVELOPMENT AND OPERATIONS COMPARISONS**

I have been asked to summarize for your consideration issues in the Development and Operations sections in which I saw differences of some significance. It is important to note that to ensure objectivity in the selection process, we had no contact with any of the selection committee nor were we privy to the contexts, viewpoints or business concerns with which they approached this process. A summary document of all the issues was

prepared exclusively for staff use, and structured in a format that was helpful to me in reviewing the proposals.

At the request of Airport Staff, the Firm was on stand-by to assist the Review Committee during their deliberations, but we were not called to participate.

The summary document listed 11 different elements of the proposals relating to development and 7 operations elements tied back to the evaluation criteria. This approach enabled us to more efficiently review the proposals, in anticipation of potential inquiries from the Airport and Review Committee. The key issues that we identified are summarized below:

**1. Framing:**

AMB proposes to fully develop the Site in four phases by the end of 2009. It provides cost and revenue estimates covering this full build out. Airis proposes to fully develop the Site in two phases. Most of the development occurs in the first phase, which is complete by 2006. There are some additional improvements in the second phase, but Airis does not schedule or cost these improvements. Consequently, our review generally compared the 4 phases proposed by AMB and only the first of the two phases proposed by Airis.

**2. Phasing:** AMB proposes to develop cargo warehouse space in 4 phases of 150,000 sf, for 600,000 sf in total. Airis proposes to develop 475,000 sf in one phase. Incremental development as proposed by AMB (1) helps mitigate project risk by matching capacity to demand, (2) reduces the number of tenants that must move twice, and (3) enhances flexibility to respond to future changes in the market. Single phase development as proposed by Airis (1) consolidates the chaos of construction into a brief time period, (2) helps integrate all the pieces and parts into a functioning whole, and (3) represents an irrevocable commitment to get the job done.

**3. Size and Support Functions:**

The completed four-phase AMB design includes 808,000 square feet of functional space of which 600,000 sf is dedicated to warehousing. The balance of the space is dedicated to GSE, a dining facility, offices, and other unspecified supporting commercial services. Phase 1 of the Airis proposal includes 634,000 square feet of functional space of which 473,000 is dedicated to warehousing. The warehousing space, described as the cargo operations area is fixed in this Phase. Phase 2 adds 27,000 square feet of ULD handling and storage bringing the warehousing component to 500,000. The development of an additional 77,000 square feet of office is linked to demand. The balance of the space is dedicated to GSE and office facilities.

**4. Aircraft Ramp:**

The AMB proposal provides aircraft parking for one Category V and two Category IV aircraft. The parking positions are tug in-tug out, and create access and egress issues for the wide-body aircraft particularly if one of the smaller aircraft is parked. The Airis proposal can accommodate two Category V aircraft and discusses the



possible addition of a Category VI. The positions are power-in-power out, and do not appear to present any access or egress issues. The facility is being built to accommodate the operations of SFO's primary market, international carriers and their belly cargo. Because most carriers in the target market include freighters in their fleet mix, it is critical that the development be able to accommodate wide-body aircraft. Both proposals identify this market need. Because SFO is a desirable market for them, Asian carriers are and will continue to be a key to Airport growth. The probability therefore, is that there will be a simultaneous parking requirement for at least two freighters on any given day.

**5. Security:**

The AMB proposal provides for basic fencing and Airport and FAA required security infrastructure. AMB indicates that all interior security elements are the responsibility of the tenants. No detailed security plan is provided. The Airis team includes Kroll, one of the industry's top security firms, and provides a security plan, manned guard posts, and built-in coordinated security systems at an estimated cost between \$3.5 and \$4.5 million, throughout the facility linked to a central control point. Airis provides check - points for egress as well as access, and five full time security positions. Additionally, although both proposals indicate design flexibility to accommodate TSA modifications, the Airis proposal discusses the inclusion of EU concepts, upon which the TSA has indicated it will be basing a number of its physical and operating guidelines. This could reduce the need for future modifications and associated costs. After the fact addition of the systems in the Airis proposal would be less effective and typically more costly. The Airis design also includes two rest stations for truckers. This will keep truckers out of the facility unless there is a clear business reason.

**6. Scope of O&M Services:**

AMB indicates the work will be accomplished through Building Technology Engineers and discusses maintenance, preventive maintenance, and inspections. The Airis proposal includes CSC, one of the premier air cargo handling companies in the industry. Their hands-on experience in day-to-day cargo operations is a strong plus in the design of and subsequent effectiveness of both manual and high-tech systems in the facility. The AMB team includes Northrup Grumman, one of the industry's premier designers of logistics and goods movement mechanized systems, and includes an on-site manager and two support staff. The Airis team also includes Omni Facilities Services, an ISO 9002 certified company with airport specific experience including cargo-handling systems, as well as four full-time staff. Airis provides detailed maintenance and inspection routines and indicates awareness of critical issues including HAZMAT and earthquake readiness.

**7. Structure of The Team:**

AMB is one of the premier firms in the real estate industry and have substantial presence in the region. They assume responsibility for most project activities and indicate that the selection of other firms will be forth coming. Their team includes Lockwood-Green for planning and Northrup Grumman for systems design. These are strong additions for the design phases of the project. Airis has more on-airport development experience and has assembled a team that includes a number of firms with outstanding experience in aviation planning (Landrum and Brown), operations

and maintenance (Omni) and security (Kroll). These firms give Airis a team that is very well experienced in hands-on development and operation of on-airport cargo complexes.

I would like to conclude by stating that it is our belief that both proposals are well crafted and assemble experienced teams of professionals. As presented, either submittal could adequately address the near and long-term needs of the Airport as expressed in the Request For Proposals. We thank you for this opportunity to provide support to the Airport and the Commission.

**Airis Presentation**

11/20/2002

**Comparison of Airis and AMB**

AMB is a property holding company, REIT, not a developer of new properties. AMB's portfolio includes 941 buildings totaling 85,706,728 sf. AMB's Aviation-related Portfolio consists of 26 buildings totaling 2,195,532 sf (which is 2.6% of the total property portfolio). AMB loosely defines this building type as "On-Tarmac", which is misleading terminology. Of the Aviation-related portfolio, only 582,073 sf is non-acquired "On-Airport" property. All non-acquired aviation-related properties have been developed by Trammell Crow, AMB's former JV partner. The developer outsourcing concept is consistent with AMB's Development Alliance Program (tm).

|                                                    |              |
|----------------------------------------------------|--------------|
| AMB Aviation-related Portfolio (all Domestic)..... | 2,195,532 sf |
| Off-Airport Occupancy.....                         | 64.46%       |
| On-Airport Occupancy (Acquired properties).....    | 91.47%       |
| On-Airport Occupancy (New developments).....       | 55.99%       |

Status of New Development at JFK:

1 Year after Award--no Ground Lease, no Tenant Leases

Airis is a privately-held company specializing in aviation facility development. Aviation facility development is Airis' only product and has been so for 17 years.

|                                              |              |
|----------------------------------------------|--------------|
| Airis Airport Portfolio.....                 | 2,915,374 sf |
| Domestic On-Airport Area.....                | 2,063,306 sf |
| Domestic Off-Airport Area.....               | 201,590 sf   |
| International On-Airport Area.....           | 650,478 sf   |
| On-Airport Occupancy (New developments)..... | 99.95%       |



# MEMORANDUM

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DATE: November 19, 2002  
TO: AIRPORT COMMISSION

Hon. Henry E. Berman, President  
Hon. Larry Mazzola, Vice President  
Hon. Michael S. Strunsky  
Hon. Linda S. Crayton  
Hon. Carol Ito

FROM: Airline Liaison Office

SUBJECT: West Field Cargo Area Redevelopment Project

This letter is written on behalf of seven current and prospective airline tenants of the West Field Cargo Area (hereinafter referred to as The Airlines) to record their support for the Director's recommendation for the West Field Cargo Redevelopment Project as described in calendar item number 4.

Whereas the Airlines did not participate on the six-member review panel (hereinafter referred to as The Panel), the Airlines supported the make-up of The Panel as well as the criteria to be used by The Panel in evaluating the proposals. If, for whatever reason, the Commission does not intend to adopt the Director's recommendation, as referenced above, the Airlines, insofar as they are the parties most affected by this decision, respectfully request an opportunity to conduct their own review and evaluation of the two proposals and subsequently submit their recommendation to the Commission before a final decision is made.

In closing, the Airlines' would like to thank you for considering their perspective regarding this matter. If you would like to discuss the Airlines' perspective further, please contact Greg Casto at 650-821-3912 who can arrange a meeting with the Airlines at your convenience.

cc: John Martin -- SFIA  
Gary Franzella -- SFIA  
Current and Prospective West Field Cargo Area Tenant Airlines



22/02  
A5

# SAN FRANCISCO AIRPORT COMMISSION



## MINUTES

**DECEMBER 2, 2002**

**SPECIAL MEETING**

**8:30 A.M.**



**ROOM 400 - CITY HALL  
400 VAN NESS AVENUE**

**CITY AND COUNTY OF SAN FRANCISCO**

**WILLIE L. BROWN, JR., MAYOR**

## COMMISSIONERS

**HENRY E. BERMAN**

**President**

**LARRY MAZZOLA**

**Vice President**

**MICHAEL S. STRUNSKY**

**LINDA S. CRAYTON**

**CARYL ITO**

**JOHN L. MARTIN**

**Airport Director**

DOCUMENTS DEPT.

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Minutes of the Airport Commission Special Meeting of  
December 2, 2002

| CALENDAR<br>SECTION | AGENDA<br>ITEM | TITLE                                                                                                                                                                                                                                  | RESOLUTION<br>NUMBER | PAGE |
|---------------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------|
| A.                  |                | CALL TO ORDER:                                                                                                                                                                                                                         |                      | 3    |
| B.                  |                | ROLL CALL:                                                                                                                                                                                                                             |                      | 3    |
| C.                  |                | ADOPTION OF MINUTES:                                                                                                                                                                                                                   |                      |      |
|                     |                | Regular meeting of November, 19, 2002                                                                                                                                                                                                  | 02-0245              | 3    |
| D.                  |                | SPECIAL ITEM:                                                                                                                                                                                                                          |                      |      |
|                     | 1.             | Commendation for Gene Mullin                                                                                                                                                                                                           | 02-0246              | 3    |
| E.                  |                | ITEMS INITIATED BY COMMISSIONERS:                                                                                                                                                                                                      |                      | 3    |
| F.                  |                | ITEMS RELATING TO ADMINISTRATION,<br>OPERATIONS & MAINTENANCE:                                                                                                                                                                         |                      |      |
|                     | 2.             | West Field Cargo Area Redevelopment<br>Project                                                                                                                                                                                         |                      | 3    |
|                     | 3.             | Modification No. 3 to Professional Services<br>Contract 5600AE - North & South International<br>Parking Garages/Concourse H/BART Station<br>and Rental Car Facility - ED2 International/<br>MBT Architecture, Joint Venture Architects |                      | 3    |
|                     | 4.             | Establish Pools of Qualified Firms to Provide<br>Investment Banking and Related Services                                                                                                                                               | 02-0247              |      |
|                     | 5.             | Authorization to Issue a Request for Proposals<br>for a Wireless High Fidelity System                                                                                                                                                  | 02-0248              |      |
|                     | 6.             | Terminal 3 Specialty Retail Store Lease and<br>Boarding Area E Technology Showcase<br>Lease                                                                                                                                            | 02-0249<br>02-0250   |      |
| G.                  |                | CONSENT CALENDAR OF ROUTINE<br>ADMINISTRATIVE MATTERS:                                                                                                                                                                                 |                      |      |
|                     | 7.             | Modification No. 5 to Professional Services<br>Contract 5013.9 - Construction Management<br>Services for Terminal 2 Renovation - URS<br>Corporation, formerly O'Brien-Kreitzberg                                                       | 02-0251              |      |
|                     | 8.             | Airport public Parking Facilities Operating<br>Agreement - Exercise First One-Year Option -                                                                                                                                            |                      |      |



to Extend Term - Ampco 02-0252

9. Airport Employee Parking Facilities Operating  
Agreement - Exercise First One-Year Option  
to Extend Term - Pacific Park Management 02-0253

10. Sublease of Off-Airport Warehouse Space  
Located at 245 South Spruce Avenue,  
So. San Francisco 02-0254

11. Airport Improvement Program Project No.  
3-06-0221-24 (Grant No. 24) - Grant Offer  
and Acceptance 02-0255

H. NEW BUSINESS:

I. CORRESPONDENCE:

J. CLOSED SESSION:

Potential Litigation

K. ADJOURNMENT:





# AIRPORT COMMISSION SPECIAL MEETING MINUTES

December 2, 2002

## A. CALL TO ORDER:

The special meeting of the Airport Commission was called to order at 8:30 A.M. in Room 400, City Hall, San Francisco, CA.

\* \* \*

## B. ROLL CALL:

Present: Hon. Larry Mazzola, Vice President  
Hon. Michael S. Strunsky  
Hon. Linda S. Crayton  
Hon. Caryl Ito

Absent: Hon. Henry E. Berman, President

\* \* \*

## C. ADOPTION OF MINUTES:

The minutes of the regular meeting of November 19, 2002 were adopted unanimously.

No. 02-0245

\* \* \*

## D. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

### 1. Commendation for Gene Mullin

No. 02-0246

Commendation for Gene Mullin, Chairman of the Airport/Community Roundtable and Mayor and Council Member of the City of South San Francisco who will be leaving his present positions to assume his new duties as the recently elected Assemblyman from California's 19<sup>th</sup> Assembly District.

Mr. John Martin, Airport Director, said that this resolution recognizes Gene Mullin, Mayor of South San Francisco, for his two years of very effective service as Chairman of the Airport Community Roundtable. He has worked well with staff, airlines and the FAA. As Chair of the Roundtable he oversaw the creation of our successful "Fly Quiet" program.



Mr. Mullin will be assuming his new position as Assemblyman. This resolution expresses our thanks and wishes him well in his new position.

\* \* \*

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

\* \* \*

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was put over without discussion.

2. West Field Cargo Area Redevelopment Project

Resolution authorizing staff to enter into exclusive negotiations for a Lease Disposition and Development Agreement and Ground Lease for the West Field Cargo Redevelopment Project.

Commissioner Strunsky said that so much new information has been developed that he felt it was difficult and non-productive at this point for the Commission to try to make a decision today.

We have two good proposals and it is important that we not reject these bids. He asked that the panel be reconvened so that questions can be asked of the bidders on the basis of the memos that have been written and the information that has been passed around. The panel will then return with an updated report, either at the next meeting or the following meeting.

There is a lot of information and differences of opinion and he wants to make sure that the Commission makes the right decision.

Commissioner Mazzola agreed with Commissioner Strunsky. He believes that there is a lot of information that the panel did not hear and different interpretations of what the information within the bids meant. The panel needs to hear that and the consultant needs to be in the room with the panel to answer questions.

Commissioner Crayton asked about the time line.

Mr. Martin felt that the next meeting would be too aggressive but thought that the first Tuesday in January might work.

Commissioner Mazzola agreed, saying that we need to take the time to do it right. Let's not rush. This is an important project.

Commissioner Ito seconded Commissioner Strunsky's motion to put the item



over and reconvene the panel.

The Commission was in unanimous agreement.

Item No. 3 was put over without discussion.

3. Modification No.3 - Closeout Modification for Professional Services Contract 5600AE - North & South International Parking Garages/Concourse H / Airport BART Station and Rental Car Facility - ED2 International / MBT Architecture, Joint Venture Architects, - \$1,226,926

Resolution approving Modification No.3 of Professional Services Contract 5600AE, for the North & South International Parking Garages/Concourse H/Airport BART Station and Rental Car Facility with ED2 International/MBT Architecture Joint Venture Architects, in the amount of \$1,226,926, for additional design services for AirTrain and BART

Funding for this modification will be provided from the project budget and from the Airport's "Up to \$200 million" contribution to the BART-SFO Extension with no impact to the Master Plan Budget.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

4. Establish Pools of Qualified Firms to Provide Investment Banking and Related Services

No. 02-0247

Resolution authorizing establishment of pools of qualified firms to provide investment banking and related services.

Mr. Leo Fermin, Acting Deputy Director, Business and Finance said that the Commission previously authorized staff to proceed with a selection process to establish pools of commercial paper dealers, and, pools of firms to provide other investment banking and related services.

Last February the selection process was completed for commercial paper dealers. RFQs were issued this past September for the remaining investment banking services.

Twenty-three proposals were received on October 11, and through this selection process proposed senior manager pools and co-manager pools have been established for possible future fixed rate financings and refinancings,



variable rate financings, auction rate financings, and interest rate swaps.

The co-manager pools include economically disadvantaged firms as approved by the Human Rights Commission. Those firms in the pools for each of these types of transactions have been evaluated as the best overall to meet the Airport's needs. Once the Commission establishes these pools staff will return for approval for each proposed financing transaction.

Commissioner Strunsky commended Mr. Fermin on the number of firms he managed to get involved in the process.

Item No. 5 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

5. Authorization to Issue a Request for Proposals for a Wireless High Fidelity Systems Concessionaire

No. 02-0248

Resolution requesting approval to issue a request for proposals for a concessionaire to design, construct, and operate a Wireless High Fidelity Data Network.

Mr. Theresa Lee, Deputy Director, Administration, said that given the Airport's commitment to provide state-of-the-art technology and to improve the services offered to the traveling public and the airlines, staff is recommending the issuance of an RFP for wireless internet services at the Airport.

Wireless High Fidelity (Wi Fi) is an advanced data communications technology utilizing a wireless systems infrastructure to deliver very fast, high quality and convenient access to the internet.

Wi Fi can enable airlines, concessionaires, other tenants and Commission employees to access secured private information networks through the internet to perform work, and for the traveling public to access their respective services.

The Airport had previously engaged a Wi Fi provider through a lease, however, those efforts were unsuccessful because Wi Fi, in the year 2000, did not have a proven business model. With recent advances in Wi Fi acceptance, as well as public availability and affordability of Wi Fi devices, staff believes it is an appropriate time to reconsider bringing this technology to the Airport to increase customer service.

Following receipt of the proposals staff will return to the Commission to award a lease to the best proposer.

Commissioner Crayton asked how this fit into the telecommunications master plan. We have had several different models and she is concerned about the bigger picture and the information base being used to determine that this is the best path.





Ms. Lee responded that wireless is still in its early stages but it is being explored aggressively by other airports. We are looking at this as more of a customer service for our traveling public. Our communications master plan was developed in 1999. We have implemented a unique communications infrastructure that has the capacity to provide a high level of services to our tenants and to the staff. The wireless service that is being pursued is part of that.

Commissioner Strunsky asked if, based on new technology, it wouldn't be a good idea to update that master plan.

Ms. Lee responded that the master plan was the blue print used for the International Terminal Complex. The master plan will be updated in the new fiscal year.

Commissioner Crayton asked how we collaborate with other models similar to the Airport to be certain that we are taking advantage of the latest technology.

Ms. Lee said that SFOs telecommunications infrastructure is unique and we are setting the standard for the communications field for airports. Other airports are coming to us with questions on how to implement it and our satisfaction level. We work closely with the City's Department of Telecommunications and Information Services.

Mr. Martin said that John Payne, Director of ITT for the Airport, attends airport working groups on information technology issues.

Commissioner Strunsky, although not exactly on point, asked if we are up and running with our second MPOE.

Ms. Lee responded that we are not. The building is finished. We are in the process of putting the electronics together, and we are working closely with Pacific Bell and AT&T on those details.

Commissioner Strunsky noted that with terrorism threats on the rise it becomes more and more of a concern.

Item No. 6 was moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

6. Terminal 3 Specialty Retail Store Lease and Boarding Area "E" Technology Showcase Lease

No. 02-0249  
No. 02-0250

Resolutions approving the revised lease specifications and minimum qualifications, and authorizing staff to issue Addendum No. 2 for the Terminal 3 Specialty Retail Store Lease and Boarding Area E Technology Showcase Lease.



Mr. Fermin said that the Commission previously authorized staff to accept proposals for the Terminal 3 Specialty Retail Stores Lease, which bundled two separate spaces under one lease. No proposals were submitted for the lease.

Staff solicited feedback and recommendations from proposers. The most significant recommendation received from interested parties was that this lease be split into two spaces. First, the space located post security in the Hub of Boarding Area F, consisting of approximately 2,380 square feet of retail space, be allocated to one lease. Proposers could select from one of two concepts ... a functional gadgets concept, or, an office products concept.

The minimum MAG proposal for this five-year lease would be \$150,000, with the annual rent being the greater of the MAG, or a sliding percentage scale beginning at 12% of revenues up to and including \$1.5 million annually, to 16% of that increment of revenues over \$2 million.

Second, the space located pre-security at Boarding Area E, consisting of approximately 1,340 square feet, is for a Technology Showcase Lease. Under this lease the tenant shall display, demonstrate, market and exhibit on a rotating basis products representing new cutting edge technology. Under this lease the tenant will develop and implement a program wherein the tenant will engage with various technology companies to showcase their products. For this five year lease the minimum MAG proposal amount would be \$100,000 per year, and the rental would be the higher of the MAG or 20% of gross receipts.

Commissioner Ito asked if the Oracle technology exhibit in the United post security area is temporary.

Mr. Martin responded that it is a separate technology showcase area. Given the success in renting the space by Clear Channel to Oracle, we see an opportunity to expand that program. Although the location is permanent, the company displaying in that area will change from time to time.

Commissioner Strunsky said that this seems to be measured on a basis of MAG and/or a percentage of sales. It could conceivably be a showcase where there would be no sales.

Mr. Martin explained that it will be a percentage of rent that the tenant will receive from the company that has a display in that area. We will enter into a lease with a company who will then solicit technology companys to lease that space for a fee.

\* \* \*

#### G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 7 through 10, were moved by Commissioner Strunsky and seconded by Commissioner Ito. The vote to approve was unanimous.

#### 7. Modification No. 5 to the Professional Service Contract No. 5013.9 -



Construction Management Services for Terminal 2 Renovation - URS Corporation, formerly O'Brien-Kreitzberg, Inc. - \$95,000

No. 02-0251                      Resolution authorizing Modification No.5 to Contract 5013.9, Construction Management Services for Terminal 2 Renovation with URS Corporation, formerly O'Brien-Kreitzberg, Inc., and approving an increase to professional services fees in the amount of \$95,000 (for a new contract amount of \$1,865,000) to provide funds utilized for Airport security evaluation of the Terminal 2 Renovation project and provide design review of the new aircraft fueling system. Funding will come from budget transfers from CIP and related project funds.

8.        Airport Public Parking Facilities Operating Agreement - Exercise First One-Year Option to Extend Term - Ampco

No. 02-0252                      Resolution approving the first one-year option to extend the term of the Airport Public Parking Facilities Operating Agreement with Ampco.

9.        Airport Employee Parking Facilities Operating Agreement - Exercise First One-Year Option to Extend Term - Pacific Park Management Inc.

No. 02-0253                      Resolution approving the first one-year option to extend the term of the Airport Employee Parking Facilities Operating Agreement with Pacific Park Management Inc.

10.      Sublease of Off-Airport Warehouse Space Located at 245 South Spruce Avenue, South San Francisco, California

No. 02-0254                      Resolution approving the City's sublease of Airport warehouse space at 245 South Spruce Avenue, South San Francisco, California, to Monster Cable Products, Inc., as Sublease

11.      Airport Improvement Program Project No. 3-06-0221-24 (Grant No. 24) Grant Offer and Acceptance - \$2.5 million

No. 02-0255                      Resolution authorizing the Director to accept and expand the Grant Offer from the Federal Aviation Administration Airport Improvement Program in the amount of \$2.5 million, and any subsequent



amendments to the Grant Agreement.

\* \* \*

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests to speak from the public.

\* \* \*

I. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

J. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 8:53 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

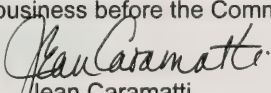
Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:12 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

\* \* \*

K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:13 A.M.

  
Jean Caramatti  
Commission Secretary





5  
7/02

# SAN FRANCISCO AIRPORT COMMISSION



## MINUTES

DECEMBER 17, 2002

9:00 A.M.

✈ ROOM 400 - CITY HALL  
400 VAN NESS AVENUE  
CITY AND COUNTY OF SAN FRANCISCO

WILLIE L. BROWN, JR., MAYOR

## COMMISSIONERS

HENRY E. BERMAN  
President

LARRY MAZZOLA  
Vice President

MICHAEL S. STRUNSKY

LINDA S. CRAYTON

CARYL ITO

JOHN L. MARTIN  
Airport Director

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Minutes of the Airport Commission Meeting of  
December 17, 2002

| CALENDAR<br>SECTION | AGENDA<br>ITEM | TITLE                                                                                                                  | RESOLUTION<br>NUMBER | PAGE  |
|---------------------|----------------|------------------------------------------------------------------------------------------------------------------------|----------------------|-------|
| A.                  |                | CALL TO ORDER:                                                                                                         |                      | 3     |
| B.                  |                | ROLL CALL:                                                                                                             |                      | 3     |
| C.                  |                | ADOPTION OF MINUTES:                                                                                                   |                      |       |
|                     |                | Regular meeting of December 2, 2002                                                                                    | 02-0256              | 3     |
| D.                  |                | SPECIAL ITEM:                                                                                                          |                      |       |
|                     | 1.             | Commendation - Capt. John E. Tremayne                                                                                  | 02-0257              | 3     |
| E.                  |                | ITEMS INITIATED BY COMMISSIONERS:                                                                                      |                      | 3     |
| F.                  |                | ITEMS RELATING TO ADMINISTRATION,<br>OPERATIONS & MAINTENANCE:                                                         |                      |       |
|                     | 2.             | Request for Qualifications - Airport Door-to-<br>Door Van Operators                                                    | 02-0258              | 4-6   |
|                     | 3.             | Approve Forward Purchase Agreement                                                                                     | 02-0259              | 6-7   |
|                     | 4.             | Award Ground Lease for Second CNG<br>Fueling Facility - ENRG                                                           | 02-0260              | 7-8   |
|                     | 5.             | Rescind Authorization to Exercise Final<br>Modification to Contract with DuDell &<br>Associates for Marketing Services | 02-0261              | 9-10  |
|                     | 6.             | Authorization to Issue a Request for<br>Proposals for Marketing Services                                               | 02-0262              | 10    |
| G.                  |                | CONSENT CALENDAR OF ROUTINE<br>ADMINISTRATIVE MATTERS:                                                                 |                      |       |
|                     | 7.             | Modification No. 8 - SFO Shuttle Bus<br>Contract - SFO Shuttle Bus Company                                             | 02-0263              | 10    |
|                     | 8.             | DFS Delay Cost Reimbursement                                                                                           | 02-0264              | 10    |
| H.                  |                | NEW BUSINESS:                                                                                                          |                      |       |
|                     |                | RFP for Door-to-Door Van Operators                                                                                     |                      | 10-11 |
| I.                  |                | CORRESPONDENCE:                                                                                                        |                      | 11    |



|    |                                       |    |
|----|---------------------------------------|----|
| J. | CLOSED SESSION:                       |    |
|    | Pending Litigation: Dillingham v CCSF | 11 |
|    | Potential Litigation                  | 11 |
| K. | ADJOURNMENT:                          | 12 |



## AIRPORT COMMISSION MEETING MINUTES

December 17, 2002

### A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

\* \* \*

### B. ROLL CALL:

|          |                                    |
|----------|------------------------------------|
| Present: | Hon. Larry Mazzola, Vice President |
|          | Hon. Michael S. Strunsky           |
|          | Hon. Linda S. Crayton              |
|          | Hon. Caryl Ito                     |

|        |                                 |
|--------|---------------------------------|
| Absent | Hon. Henry E. Berman, President |
|--------|---------------------------------|

\* \* \*

### C. ADOPTION OF MINUTES:

The minutes of the regular meeting of Dec. 2, 2002 were adopted unanimously.

No. 02-0256

\* \* \*

### D. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Strunsky and seconded by Commissioner Crayton. The vote to approve was unanimous.

#### 1. Commendation for Capt. John E. Tremayne, former Pan Am Pilot

No. 02-0257

Mr. John Martin, Airport Director, explained that yesterday the Airport held a small birthday party in the Airport Museum for former Pan Am pilot John E. Tremayne to celebrate his 100<sup>th</sup> birthday. Mr. Tremayne flew the Pan Am Clipper and he was the first National Airlines pilot in 1937.

Mr. Tremayne had with him his wife of 78 years and many family and friends.

\* \* \*

### E. ITEMS INITIATED BY COMMISSIONERS:





There were no items initiated by Commissioners.

\* \* \*

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

2. Request for Qualifications (RFQ) - Airport Door-to-Door Van Operators

No. 02-0258

Resolution authorizing Airport Staff to issue a Request for Qualifications (RFQ) for the issuance of up to nine Door-to-Door Van Operating Permits.

Ms. Alice Sgourakis, Landside Operations, explained that as a result of the unconstrained number of permits for this service the CPUC has been issuing, more than two dozen companies served the Airport in 1992, causing severe congestion at the curb and physical conflicts between drivers who were competing for a limited number of passengers.

Vehicle safety violations were rampant as were incidents of solicitation and refusal to convey to the less lucrative areas of the City.

These concerns were addressed, as well as to better manage the Airport's limited curb space, by implementing a moratorium in 1993 on new door-to-door van companies serving the Airport. An RFP was also issued at that time for two on-demand operators. Although the two operators selected in that process were never confirmed by the Commission, the Commission did institute a compromise whereby on-demand operators were limited to no more than 13 at three zones. The three zones were the Blue Zone for SuperShuttle with 50% of the demand at that time, the Red Zone with Lorries who came in first in the failed RFP attempt, and were later joined by American and BayPorter. The rest of the operators were placed in the Yellow Zone.

The Airport's Vehicle Inspection Program was expanded to address some of the vehicle safety issues and we integrated minimum operating standards to the Airport's door-to-door operating permits to address customer service issues. However, significant customer service and safety issues still remain. For example, operators charge lower fares for the lucrative hotel market than they do for residential customers even though the drop off and pick up points are virtually adjacent to each other. This is a disservice to the City's residents.

Our consultant, Pacific Transit Management, performed studies in 1998, 2000 and 2001 that also brought to light on-going customer service problems, including van driver solicitation, refusals to convey to particular neighborhoods or to honor reservations, poor vehicle appearance and maintenance, unsafe driving, and charging fares in excess of the tariffs authorized by the CPUC.



We believe it is time to address these problems through a competitive RFQ. Given the demand in 1998 our consultant recommended that no more than five or six companies should serve the City of San Francisco, compared to the 11 that are serving the City now. This recommendation is more timely given the drop in passenger loads (20% as a result of 9/11) and the economic downturn, as well as the anticipated arrival of BART to the Airport in early 2003 which might have an impact on door-to-door van usage as well.

The RFQ process will result in geographically based pools of qualified operators from which we will select operators to receive permits for on-demand door-to-door service. Operators meeting the Airport's minimum qualifications will be rated and evaluated by an independent panel on criteria based on operations, marketing, financial capability and management experience.

We believe this RFQ is advantageous to the Airport for a number of reasons ... first, the 1993 moratorium was never meant to be permanent. We continue to receive applications from operators that have CPUC authority to operate on-demand service at the Airport. This RFQ process will allow both existing permittees and those operators interested in the opportunity to compete for space in these pools. We propose five operators to serve San Francisco, two for the East Bay and two to the South Bay.

The process will also significantly improve customer safety and service by identifying the most qualified operators to serve the Airport. It will also insure that operators selected for permits have the economic viability to continue to provide consistent high quality service to San Francisco residents and visitors.

After submittals have been reviewed and rated staff will return to the Commission with the panels recommendations for operators in each of the geographic areas. The lists will stay in effect for three years. The selected companies will be expected to pay the non-subsidized trip fees to the Airport based on the Airport's Business and Finance Division's allocation formula. They will also be expected to pay the curb coordination fees directly to the Airport's Curbside Management contractor. These combined fees are estimated to be about \$6.00 for fiscal year 2003/2004.

Existing on-demand permittees that fail to submit qualification statements or who don't meet the minimum qualifications will be given the opportunity for another type of ground transportation permit to operate from the lower level of the Airport.

Commissioner Crayton said that she knows staff has been working on this issue for some time. In 1998 or 1999 she attended several hearings where the report from the consultant was reviewed with the operators. This is the fruition of a long process. She supports the RFQ.

She was concerned that she does not see many of those operators present today.

Ms. Sgourakis responded that they were aware of this. We will be having a pre-



qualifications conference after the package is issued in early January. We expect anyone who receives the document will attend the conference.

Commissioner Crayton thought that a fact sheet should be prepared. Some operators will try to cry foul.

Ms. Sgourakis said that many of the operators support this because they realize that there are continuing problems.

Commissioner Mazzola asked about the North Bay corridor.

Ms. Sgourakis responded that staff decided not to include the North Bay because the configuration of the communities in that area is not conducive to on-demand service. They are well served by Marin Airporter. It makes better sense for them to converge on a single location and then be picked up by a scheduled operator service

Commissioner Ito asked about other operators on the lower level.

Ms. Sgourakis responded that they can operate on a pre-arranged basis on the lower level, as they do now.

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Strunsky. The vote to approve was unanimous.

### 3. Approval of Forward Purchase Agreement

|             |                                                                                                                                                                                                |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| No. 02-0259 | Resolution authorizing the Director to enter into Three-Party Forward Purchase and Sale Agreements in connection with the Commission's bond debt service reserve funds and debt service funds. |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Mr. Leo Fermin, Acting Deputy Director, Business and Finance explained that in July of last year the Commission authorized the use of Two Party Forward Purchase and Sales agreements as an alternate means of investing debt service reserve and principal and interest funds held by the Bond Trustee. These agreements between the Bond Trustee and the provider enable the Trustee to purchase investment securities at pre-determined prices, and in pre-determined amounts, and at pre-determined intervals over time resulting in a guaranteed fixed rate of return. This technique results in achieving rates of return closer to the maximum allowable arbitrage limits than was possible by purchasing securities ad hoc in the open market.

In the past year eight separate two party agreements have been executed between the Bond Trustee and a provider of securities. In these two party agreements the Airport is not a party to the transaction. The agreements have provided the Airport with up front lump sum payments totaling \$1.7 million, plus they have increased the guaranteed rates of return to as close as possible to





the bonds arbitrage limits, which range from 4.9% to 5.3%.

However, we are now finding that fewer and fewer providers are bidding on these two party agreements because they are not the industry norm. The industry norm is a three party agreement in which the issuer itself is also a party to the transaction. By moving from a two party agreement to a three party agreement we hope to generate more bids from interested providers in the future and thus keep interest earnings as maximized as possible.

This resolution authorizes the Airport to move from a two party agreement to a three party agreement.

Commissioner Strunsky said that this sounds familiar but he is not skilled to evaluate this. He wondered if the Commission should have an outside advisor on these financial issues where the Airport staff is cross checked on these very complicated issues. He asked Mr. Martin to get back to the Commission with a plan on how they can feel more comfortable that staff is not going down the wrong road on such issues. He does not feel that he has the necessary information to make a decision.

Mr. Martin said that he will provide a follow up report. We have two financial advisory firms on board which were approved by the Commission. One is Jack Tamagni of Lazard Freres and the other is Peter Miller who is here. They serve as a check on each other as well. Mr. Miller does more of the day-to-day support in terms of financial advisory services. Mr. Tamagni, who is a senior public finance banker in the country, provides a high level check on the way that the Airport staff as well as our day-to-day financial advisor overseeing the capital program.

He will report back on how we can provide feedback from those advisors directly to the Commission.

Commissioner Strunsky suggested that specific language could be provided in the resolution stating that the Airport's financial advisors are in agreement with this resolution. He would feel more comfortable if there is some written indication that our qualified financial advisors are in agreement.

Mr. Martin agreed that that language would be added in the future.

Item No. 4 was moved by Commissioner Ito and seconded by Commissioner Crayton. The vote to approve was unanimous.

4. Award of Ground Lease for a Second CNG Fueling Facility - ENRG

|             |                                                                                                     |
|-------------|-----------------------------------------------------------------------------------------------------|
| No. 02-0260 | Resolution awarding a commercial ground lease for a second on-Airport CNG fueling facility to ENRG. |
|-------------|-----------------------------------------------------------------------------------------------------|

Ms. Sgourakis explained that in June 2001 the Commission authorized staff to





issue an RFP for a firm to operate the second CNG fuel station at the Airport under a commercial ground lease.

The Airport's first CNG station opened in 1999 at the south end of the Airport. It currently handles about 70,000 gasoline gallon equivalents per month and generates revenue of approximately \$3,000 to \$4,000 per month. The current station has four dispensers and two hoses each. The existing station needs to be supplemented by a station at the north end of the Airport to serve the Airport's new CNG buses for the parking shuttle fleet as well as commercial operators that are located to the north of the Airport.

An RFP for a nine year lease was issued in May 2002 and it specified that no Airport funds were available for the project and that the Airport must receive a significant rental income.

The scoring criteria was based on technical suitability and firm experience (60%) and quality of business development plan and rent proposal value (40%).

Two proposals were received by the July deadline ... one from ENRG and one from Trillium. Both firms were clearly qualified and both firms were interviewed. However, at staff's recommendation, the Commission rejected all proposals and authorized staff to issue an RFP addendum to incorporate relevant changes to the minimum qualifications requirement so that we were consistent with Executive Director 02-03 which took effect after the RFP was issued.

Both companies submitted amended RFPs. No new RFPs were submitted.

The Airport's review panel rated ENRG significantly higher than Trillium due to a superior business plan, rapid expansion at other airports and greater rent commitment to SFO, ranging from 6% to 10% of gross revenues, depending on volume of fuel sold.

The ENRG station will initially feature two dispensers with four fast fill hoses, expanding to four dispensers with eight hoses as demand warrants.

The proposed second CNG fueling station supports the Commission's Clean Vehicle Policy, improves service for the Airport staff, tenants, and permittees, it won't incur any Airport costs and it will provide significant rental income, bringing the total for both stations to approximately \$100,000 in the first year.

Mr. Barry Taranto, United Taxicab Workers, said that this is a wonderful proposal, making it easier for CNG cabs to fuel up. He asked that cab drivers that will be using the facility are properly notified. He also asked if the prices will be comparable to the other station.

Commissioner Crayton was glad that we are taking care of the environment. This needs to be communicated to the Board.

Item Nos. 5 and 6 were called together. Item Nos. 5 and 6 were moved by



Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

5. Rescind Authorization to Exercise the Final Modification to Contract with DuDell & Associates, Inc. for Marketing Services

No. 02-0261

Resolution rescinding authorization to exercise the fourth and final one-year contract option with DuDell & Associates, Inc. for Marketing Services.

Ms. Kandace Bender, Deputy Director, Communications and Marketing, explained that four years ago the Commission awarded a five year, \$1.95 million contract to DuDell and Associates to help promote ground transportation services at the Airport and to promote general Airport strategies resulting in the "Fly Right" and "Go With The Pros" campaigns, both of which were instituted over the last three years.

Last Spring, the fourth and final one year option of the contract for \$275,000 was authorized by the Commission. Since June 30, 2002 no work was performed under the existing contract option for two reasons ... first, the rapidly changing nature of the aviation industry requires us to change the focus of our marketing efforts, and, second, limited financial resources make it necessary to have a tightly focused campaign in place before expending any funds on marketing services.

Some of the main issues facing SFO today are the financial status of the airline tenants and the industry wide-changes that are significantly altering how the Airport recruits, retains and supports its tenants, specifically, the airlines and parking facilities.

The likelihood that changes among our airline tenants, both large and small, will occur in the next 12 to 18 months is great and the Airport must stay ahead of this industry reorganization. Airport staff has identified the development of new airline tenants and other internal revenue generating divisions at the Airport such as parking as the primary focus for new marketing efforts.

Staff is recommends rescinding the final extension of the current contract and authorizing staff to issue an RFP for marketing services that will assist in promoting SFO to existing and potential tenants as a premiere and desirable facility.

The RFP would use funds already approved but not yet spent. Components of the RFP will include researching and developing a marketing strategy that will support and enhance revenue generating capabilities of internal SFO divisions. It will also be used for the creation of marketing materials to support those efforts.

Commissioner Mazzola asked if this work is different than what DuDell would have performed.



Ms. Bender responded that it is. Staff has spoken with Laura DuDell who feels that they might not be able to provide the type of services we are seeking. Should that change they will be welcome to participate in the process.

6. Authorization to Issue a Request for Proposals for Marketing Services

No. 02-0262

Resolution authorizing staff to issue a Request for Proposals for marketing services to retain and develop airline service and support internal revenue-generating SFO divisions.

\* \* \*

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 7 and 8, was moved by Commissioner Mazzola and seconded by Commissioner Mazzola.

7. Modification No. 8 - SFO Shuttle Bus Contract - SFO Shuttle Bus Company - \$140,000

No. 02-0263

Resolution approving Modification No.8 to contract with SFO Shuttle Bus Company for Parking and Employee Shuttle Bus Services, increasing the budget by \$140,000 to \$6,014,196 for Fiscal Year 2002/2003 to provide 14 additional hours of service.

8. DFS Delay Cost Reimbursement - Not-to-Exceed \$65,600

No. 02-0264

Resolution approving reimbursement in an amount not-to-exceed \$65,600 for delay costs incurred by DFS in the International Terminal and authorizing the Airport Director to execute agreement giving effect to the foregoing.

\* \* \*

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Mr. Barry Taranto, United Taxicab Workers, speaking on Item No. 2, said that he was glad to see that the Airport will be restricting the type of door-to-door services serving the Airport. He hoped that there will be very strict guidelines.



Many van companies wait at hotels hoping to establish a relationship with the hotel staff to pick up passengers. PUC regulations require that van companies be called in advance in order to pick up passengers.

The van companies need to be carefully scrutinized that they follow the law at the Airport and in the City. He hoped that this issued be looked at as well when the nine operators are approved.

Mr. Taranto was curious about the income level from the \$4.00 fee compared to last year.

Airport staff presented graphs and charts showing taxicab exits at the PCN hearing last week at the Taxi Cab Commission. They showed that business has dropped.

Next month they are raising the meter. He is not in favor of that because the Airport fare for cab drivers will go up. This means that the competition may be a better choice for passengers. He does not want passengers to pay more than they have to.

Mr. Taranto wished the Commission a happy holiday.

\* \* \*

I. CORRESPONDENCE:

There was no discussion by the Commission.

\* \* \*

J. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:30 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled Dillingham Construction, N.A. v City and County of San Francisco, San Mateo Superior Court No. 416236; and, Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:47 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.







K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:48 A.M.

  
Jean Caramatti  
Commission Secretary











